

**Meeting of the Board of Directors  
Texas Windstorm Insurance Association  
Teleconference/Web Conference**

February 24, 2026  
Moody Gardens Hotel  
7 Hope Blvd.  
Galveston, TX  
9:00 a.m.



TEXAS WINDSTORM  
INSURANCE ASSOCIATION

Interested parties can listen to the meeting live by going to [www.twia.org](http://www.twia.org).  
Go to “About Us/Board Meetings” and access the video conferencing website with  
instructions available on [www.twia.org](http://www.twia.org).

Interested parties may attend the meeting and offer public comment in  
person at the Moody Gardens Hotel or virtually via Zoom Webinar.

**\*Indicates item on which General Manager believes the TWIA Board of Directors is likely to take action.  
However, the board may take action on any item that appears on this agenda.**

1. Call to Order 5 minutes
  - A. Welcoming Remarks – *Karen Guard*
  - B. Anti-Trust Statement and Conflict of Interest Disclosure – *Counsel*
  - C. Meeting Format Information – *Kristina Donley*
  
2. Approve the Minutes from Prior Board of Directors Meeting 5 minutes  
– *Karen Guard* – **Action/Vote Likely\***
  
3. Public Comment 30 minutes
  
4. TWIA Operational Dashboard – *David Durden* 5 minutes
  
5. Financial 30 minutes
  - A. Report of the Secretary/Treasurer – *Greg Smith* – **Action/Vote Likely\***
    1. Income Statement
    2. Management Discussion and Analysis
  - B. Financial Statement Review by Staff – *Stuart Harbour*
    1. Income Statement and Expense Statement
    2. Balance Sheet
    3. Cash & Short-Term Investments
    4. Cash Flow Statement
    5. Historical Data
  
6. Actuarial 40 minutes
  - A. Policy Count/Exposures – *Jim Murphy*
  - B. Reserve Adequacy – *Jim Murphy*
  - C. Determination of Probable Maximum Loss for a Catastrophe Year with a Probability of 1 in 50; Including Aon Modeling Update and Required Reinsurance Procurement – *David Durden* – **Action/Vote Likely\***
  - D. Determination of Total 2026 Funding – *Jim Murphy/Gallagher Re* – **Action/Vote Likely\***

7. Internal Audit Status & Update – *Dan Graves – Weaver* *10 minutes*
8. Underwriting Operational Review Update – *Michael Ledwik* *10 minutes*
9. Claims *20 minutes*
  - A. Claims Operations – Overview – *Dave Williams*
  - B. Litigation Summary – *Jessica Crass*
10. TWIA Operations *20 minutes*
  - A. IT Systems Update – *Michael Eleftheriades*
  - B. Communications and Legislative Affairs Update – *David Durden*
11. Closed Session (**Board Only**) *20 minutes*
  - A. Personnel Issues
  - B. Legal Advice
12. Matters Deliberated in Closed Session That May Require Action, if any, of the Board of Directors – **Action/Vote Likely\*** *5 minutes*
13. Committees – *Karen Guard* *20 minutes*
  - A. Legislative and External Affairs Committee
  - B. General Manager Performance Criteria
14. Future Meetings – *David Durden* *5 minutes*
  - May 19, 2026 – Hyatt Regency – Austin
  - August 4, 2026 – Tremont House – Galveston
15. Adjourn

# 1. Anti-Trust Statement



## **ANTI-TRUST COMPLIANCE STATEMENT**

The Board of Directors of TWIA is committed to strict compliance with federal and state anti-trust laws. The anti-trust laws are designed to promote free and open competition and to penalize any activities that unreasonably lessen business rivalry. Members of the Board of Directors of TWIA may freely discuss and agree upon agenda items relating to their responsibilities as Directors including such topics as coordinating efforts regarding state or federal legislation, discussion of TWIA policy on legislative issues and methods of legislative lobbying including grass-roots lobbying, public relations, testimony before legislative committees and meetings with state and federal legislators and regulators.

Because TWIA meetings bring together competitors, any unauthorized discussion of topics prohibited by the anti-trust laws such as agreements between competitors on prices and rates, agreements to boycott third parties or agreements to divide markets or even individual insureds could lead to an inference that such an illegal agreement among participants to the discussion was in fact reached. Accordingly, the following guidelines apply to any meeting or other activity conducted under the auspices of TWIA:

- Someone on the TWIA staff shall be present at all times during meetings of the TWIA Board of Directors or other official activities such as meetings of various TWIA committees unless such meetings are for the purpose of discussing personnel matters;
- At any such meetings or official activities, there shall be no discussion of voluntary market rates, prices, discounts or other terms and conditions of sale without the General Manager or the General Counsel being present;
- There shall be no discussion of the areas in which TWIA Board members and their respective member companies will compete for the products and services that they will offer; and
- There shall be no discussion of any agreement or understanding to boycott a third party or to deal with a third party only on certain terms.

### **Texas Windstorm Insurance Association**

## **TWIA Anti-Trust Compliance Statement**

Without the prior authorization of TWIA's General Manager or its General Counsel, there shall be no discussion of agreements to deal exclusively with certain parties, requirements that purchasers of particular products or services must purchase other products or services, standard-setting, certification, statistical reporting, or codes of ethics and other self-regulatory activities.

- Only TWIA staff shall keep minutes of TWIA meetings and will immediately terminate any discussion that may violate these guidelines.
- At TWIA meetings, TWIA company representatives should adhere to the written agenda and outside of TWIA meetings should scrupulously avoid discussion of any topic that might violate these guidelines.

Severe civil and criminal penalties, including fines and imprisonment, can result from violations of the anti-trust laws. Whenever in doubt about how to apply these guidelines, the directors, members, officers and guests of TWIA should consult its General Manager and General Counsel and proceed in a conservative manner in order to avoid any actual, or apparent, violation of antitrust guidelines.

### **Texas Windstorm Insurance Association**

4801 Southwest Parkway, Building 1, Suite 200 Austin, Texas 78735 • P.O. Box 99090, Austin, Texas 78709-9090  
512-899-4900 / Fax 512-899-4950

## 2. Approve the Minutes

**Minutes of the Texas Windstorm Insurance Association  
Board of Directors Meeting  
Teleconference/Web Conference**

Omni Hotel  
900 North Shoreline Blvd.  
Corpus Christi, TX

**November 4, 2025**

The Following Board Members were Present:

- |                                      |                                       |
|--------------------------------------|---------------------------------------|
| 1. Karen Guard (Secretary/Treasurer) | Industry Representative               |
| 2. John Todd                         | Industry Representative               |
| 3. Tim Garrett                       | Non-Seacoast Territory Representative |
| 4. Etti Baranoff                     | Non-Seacoast Territory Representative |
| 5. Mark Shewmaker                    | Non-Seacoast Territory Representative |
| 6. Greg Smith                        | First Tier Coastal Representative     |
| 7. Rolando Rubiano                   | First Tier Coastal Representative     |
| 8. Terrilyn Tarlton Shannon          | First Tier Coastal Representative     |

The Following TWIA Staff, Counsel, and Agents were Present:

- |  |                        |
|--|------------------------|
| 1. David Durden, General Manager                               | TWIA                   |
| 2. Stuart Harbour, CFO   | TWIA                   |
| 3. Dave Williams, VP Claims                                    | TWIA                   |
| 4. Jessica Crass, VP Legal                                     | TWIA                   |
| 5. Michael Ledwik, VP Underwriting                             | TWIA                   |
| 6. Jim Murphy, Chief Actuary                                   | TWIA                   |
| 7. Amy Koehl, Senior Project Administrator                     | TWIA                   |
| 8. Kristina Donley, Training, QA and Agency<br>Audit Manager   | TWIA                   |
| 9. Michael Eleftheriades, Interim Chief<br>Information Officer | TWIA                   |
| 10. Jessica Davidson, Project Administrator                    | TWIA                   |
| 11. Mike Perkins, Association Counsel                          | Perkins Law Group PLLC |

The Following Guest Was Present:

- |                |         |
|----------------|---------|
| 1. Dan Graves  | Weaver  |
| 2. Debbie King | AmTrust |

The Following In-Person Attendees Were Present:

- |                    |                      |
|--------------------|----------------------|
| 1. Jim Conroy      | Aon                  |
| 2. Dan Dick        | Aon                  |
| 3. Allen Cashin    | Gallagher Re         |
| 4. Alicia Robinson | Gallagher Re         |
| 5. Joey Walker     | Gallagher Re         |
| 6. Bill Dubinsky   | Gallagher Securities |
| 7. Alex Donkervoet | Guy Carpenter        |

8. Paul Hosni	Guy Carpenter
9. Brian O'Neill	Howdon Re
10. Beaman Floyd	TCAIS
11. Marianne Baker	Texas Department of Insurance
12. David Muckerheide	Texas Department of Insurance
13. Roberts Simons	Texas Department of Insurance
14. Rep. Todd Hunter	Texas State Representative

The Association's Webinar Tool Attendance Report Indicates the Following Attendees Were Online:

1. David Bolduc	12. Jordan He
2. Shirley Bowler	13. Melissa Heggen
3. Elaine Carr	14. Todd Hunter
4. Jeremy Eisemann	15. Spencer Johnson
5. Nicole Elliott	16. Laura Lemke
6. Steve Evans	17. Marianne Moul
7. Angela Fang	18. Mark Murphy
8. Michelle Friesenhahn	19. Dan Paschal
9. Allen Fulkerson	20. Kenisha Schuster
10. David Garrelick	21. Theresa Servellon
11. Rubi Harman	22. Aaron Taylor

1. Call to Order: Ms. Guard called the meeting to order at 9:00 a.m. Board members were provided with a copy of the anti-trust statement and reminded of the prohibitions in the anti-trust statement by counsel. Mr. Perkins presented the required conflict-of-interest disclosures on behalf of each board member. Ms. Donley provided meeting participation information to the attendees.
2. TWIA Board Officer Elections: Ms. Baranoff moved to nominate Karen Guard as Chair of the TWIA Board of Directors, Tim Garrett as Vice Chair and Greg Smith as Secretary/Treasurer. Ms. Tarlton Shannon seconded the motion. The motion passed unanimously.
3. Approval of Minutes: The minutes from the October 8, 2025 and August 5, 2025 meetings were reviewed. Ms. Baranoff moved to approve the minutes as presented. Mr. Garrett seconded the motion. The motion passed unanimously.
4. Public Comment: There was one written public comment asking for no rate increase. Verbal public comment was offered by Rep. Todd Hunter and Shirley Bowler.
5. TWIA Operational Dashboard: Mr. Durden reviewed the operational dashboard for the quarter. Exposure growth is continuing and operating expenses have been below budget for the year. Claims activity has been quiet for the first three quarters. Head count is down with a reduction in contractors. Claims disputes have ticked up for the quarter.

6. Financial:

- A. Report of the Secretary/Treasurer: Ms. Guard reviewed the Treasurer's Report. Mr. Smith moved to approve the report. Mr. Todd seconded the motion. The motion passed unanimously.
- B. Financial Statement Review by Staff: Mr. Harbour reported that the direct written premiums for the nine months ending September 30, 2025 were \$663.9 million. Direct earned premiums were \$587.5 million. Current policies in force are 283,333.

The 2025-2026 reinsurance program was incepted on June 1, 2025. Coverage for the 2025 hurricane season consists of \$2.4 billion of collateralized catastrophe bonds and \$1.777 billion of traditional reinsurance. Gross ceded premiums associated with the \$4.227 billion in coverage totaled \$416.6 million compared to a budgeted estimate of \$485.0 million. This total reflects an overall rate-on-line (ROL) of 9.9% compared to the 9.6% ROL for the 2024/2025 program. The net cost of the reinsurance program after ceding commission was \$407.2 million. Reinsurance premiums ceded are recognized over the hurricane season beginning June 1 and ending on November 30 of each year.

There was no round eight depopulation program in 2024/2025 as no carriers registered to participate.

Direct losses and loss adjustment expenses for the period January 1 to September 30 were \$75.4 million. The loss and loss adjustment expense ratio was 12.8% with the budgeted amount being 15.1%. The ultimate loss and loss adjustment expense estimate for Hurricane Beryl is \$515 million as of September 30, 2025.

Operating expenses for the period January 1 to September 30 were \$28.7 million. Notable expenses under budget include personnel expenses and software and hardware.

Commission expenses for the period January 1 to September 30 were \$106.1 million.

- C. Review and Approval of 2026 Budget: Mr. Harbour reviewed the details of the 2026 TWIA budget. Mr. Rubiano moved to approve the budget as presented. Ms. Baranoff seconded the motion. The motion passed unanimously. Mr. Rubiano asked staff to provide support for the reinsurance figures for TWIA. When it changes, how it changes and why. He would like more contrast between the forecast and the actual numbers.

7. Actuarial:

- A. Policy Counts/Exposures: New policy issuance is down 5% year over year. Retention is steady. Top growth is in Brazoria, Chambers and Refugio counties.
- B. Reserve Adequacy: TWIA actuarial staff has completed a review of the Texas Windstorm Insurance Association loss and loss adjustment expense reserves as of September 30, 2025.

As of September 30, 2025, TWIA carried \$98.2 million in total gross loss and loss adjustment expense reserves. The total gross loss and loss adjustment expense reserves include the reserves for Hurricane Harvey, Hurricane Beryl and all other outstanding claims.

The estimate of ultimate gross loss and expense associated with Hurricane Beryl has remained unchanged at \$515 million. TWIA actuarial staff will continue to monitor the development of claims associated with this event and update the ultimate estimate as necessary going forward. The selected ultimate gross loss and expense estimate for Hurricane Harvey remains at \$1.655 billion.

In the opinion of the chief actuary, the Association's reserves met the requirements of the insurance laws of Texas, were consistent with reserves computed in accordance with accepted actuarial standards and principles and made a reasonable provision for all combined unpaid loss and loss expense obligations of the Association under the terms of its contracts and agreements. While there remains a material risk of adverse development, reserves continue to make a reasonable provision for unpaid loss and loss adjustment expenses.

- C. Status of Filings: The TWIA Board of Directors directed staff to make two filings at its August 5, 2025 meeting. TWIA made its annual rate filing for no change in TWIA rates as directed by the board. Because this filing was not for an increase, no specific approval from TDI was required.

TWIA also filed for changes to its maximum statutory limits as directed. The TDI Commissioner issued an order approving changes to the maximum limits for manufactured homes and disapproving changes to all other limits.

- D. Review of Statutory Changes to Funding and Actuarial and Underwriting Committee Recommendations: Debbie King, Chair of the TWIA Actuarial and Underwriting Committee, reviewed the outcome of the last committee meeting in October. There were six committee members present along with several board members. The committee took a deep dive into the four models that have been presented in the last few years. The committee did not want to pick a number but to examine the methodology. Now that the range has moved from 1-in-100 to 1-in 50, the range has been cut in half. Aon has assured the committee and staff that the four models considered are appropriate for the book of business. They have had rigorous oversight and review. The committee felt they all had validity. In the end, the committee

gave the high and low models 20% weight and the two models that came out in the middle 30% weight. The committee will not know which model gets which weight until the modeling data is available on November 30, 2025. It will take another month or two for the results to be completed. The committee approved that unanimously with one member abstaining.

- E. Establish a Method of Determining the Probable Maximum Loss for a Catastrophe Year with a Probability of 1 in 50: Mr. Rubiano said there is a need to keep premiums down and reinsurance is part of those costs. Mr. Durden said the board has to determine what is the reasonable direction to consider risk. Mr. Garrett moved for the board to adopt the TWIA Actuarial and Underwriting Committee recommendation of adopting the highest and lowest model at 20% and the two middle models at 30%. The model results are based on long-term modeling assumptions. It would include loss adjustment expense factor in the amount of 15%. Mr. Smith seconded the motion. The motion passed unanimously.

8. Internal Audit:

- A. Internal Audit Status Report: Mr. Graves reported the current internal audit activities include claims processing, HR administration and talent retention, executive management, cash management – limited annual procedures, information security and IT services. Upcoming audits include the risk assessment update.

9. Underwriting Operational Review Update: Mr. Ledwik reported that 99.99% of transactions were issued within 10 days of receiving the application and payment for the last quarter.

Out of 102,543 calls for the quarter, 87.28% of the calls were answered in under 20 seconds.

A sample of 20 agencies were selected in the third quarter of 2025 to be audited to assess compliance with statutory requirements and TWIA agent requirements and performance standards. The audits specifically focused on compliance of flood provisions and declination provisions. Of those agencies audited, nine were found to be fully compliant with no issues identified and 11 agencies had issues identified that were addressed through corrective actions and/or training.

10. Claims:

- A. Claims Operations: First notice of loss to TWIA receipt is averaging 4.6 days. The total cycle time of first notice of loss to ACV payment (daily) was 8.4 days and 8.4 days for a catastrophe. The historical claim volume for 2025 is 5,414.
- B. Claims Litigation: For the third quarter, nine new TWIA claims in suit were received, 13 were settled, and nine were closed. For the same quarter, 121 new claims with letters of representation were received, 45 were settled, and 76 were closed.

## 11. TWIA Operations:

- A. IT Systems Update: Guidewire go live deployment to the cloud was successfully completed over the weekend of April 25. Staff have resumed regularly scheduled monthly maintenance releases of fixes and new functionality for the insurance applications and portals. The Association is contractually mandated to maintain version currency with Guidewire cloud framework releases. In Q3, staff tested the new Guidewire framework release version for compatibility. Staff have completed and deployed the Association's Guidewire applications on the required release of the Guidewire cloud software framework in September.

The Association has identified artificial intelligence (AI) as a technology for review in the strategic plan. The Association has started formulating a comprehensive approach to artificial intelligence adoption before any utilization of the technology. This work includes a new updated IT Security Policy that covers general AI use policies. Identifying AI general education, risk management, due diligence and vendor selection will be addressed. The vendor and contract management team has to review contracts for use of Association data in any tool offering AI functionality. These are just a few of the considerations to resolve before allowing full access to any AI tool.

- B. Communications, Lawsuit Appeal and Legislative Update: Association staff continues to implement bills enacted during this year's legislative session. In August, staff met with the Texas Comptroller's office and the Texas Treasury Safekeeping Trust Company, and separately with TDI, to discuss the mechanics of implementing the state financing component of the new catastrophe funding structure under House Bill 3689. In October, TWIA staff met jointly with these stakeholders.
- C. Performance Evaluation of General Manager: This item will be covered in the closed session.

12. Closed Session: The meeting went into closed session at 11:12 a.m. The meeting went back into open session at 1:06 p.m.

13. Consideration of Issues Related to Matters Deliberated in Closed Session that May Require Action, if any, of the Board of Directors: Mr. Todd moved to increase the general manager's salary by 3.75%. Mr. Garrett seconded the motion. Ms. Tarlton Shannon said she would consider a larger increase as Mr. Durden has been the best general manager she has ever worked with. Mr. Todd amended the motion to a 3.85% increase. Mr. Garrett seconded the motion. The motion passed unanimously.

14. Committees: There was nothing to consider.

15. Future Meetings:

- February 24, 2026 – Moody Gardens Hotel – Galveston, TX
- May 19, 2026 – Marriott South – Austin, TX
- August 4, 2026 – Tremont House – Galveston, TX

16. Adjourn: The meeting adjourned at 1:12 p.m.

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Prepared by: Amy Koehl  
Senior Project Administrator

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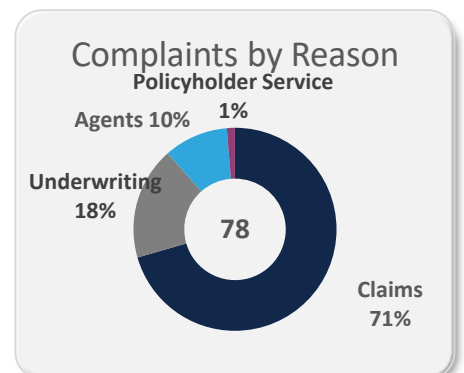
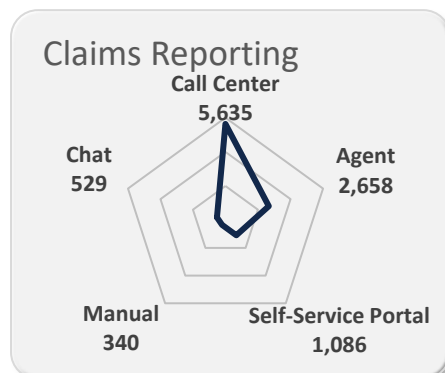
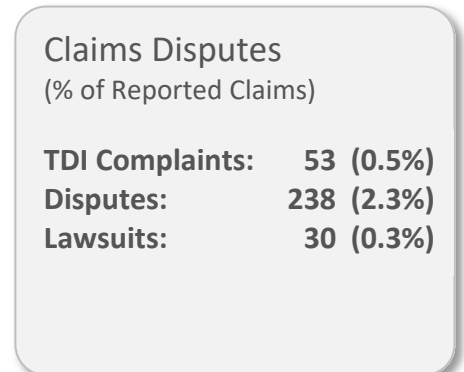
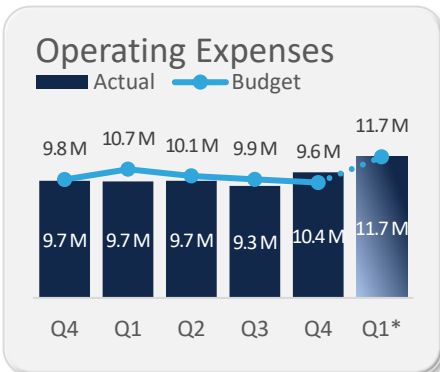
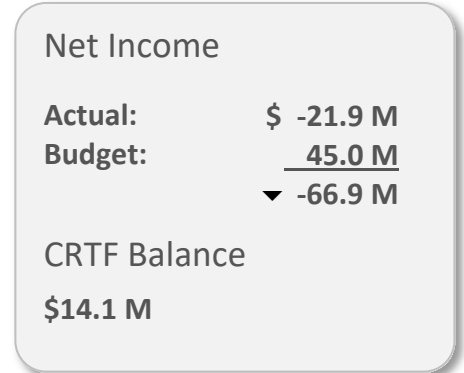
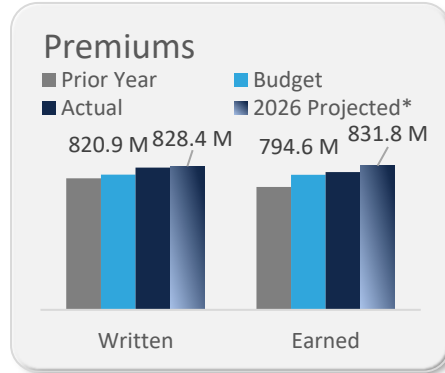
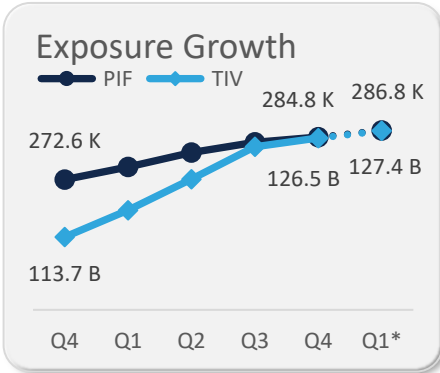
Approved by: Karen Guard  
TWIA Chair

## 4. TWIA Operational Dashboard



# Operational Dashboard

Reporting as of December 31, 2025



Exposure Growth, Operating Expenses, and Headcount as of Reporting Date  
All other amounts are Year to Date

CY 2025 Gross Premium to Surplus Ratio -249.81:1



# Enterprise Projects



Status Update as of December 31, 2025

Enterprise Projects	Initiative Type	2025				2026			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
● LIP88 - TFPA Property Owners Association Project	Mandatory	█	█	█	█				
● 89th Legislative Implementation Program (LIP89)	Mandatory		█	█	█	█	█		
● ACI Agent Guest Pay Project	Discretionary Planned			█	█	█			
● Claims Electronic Indemnity Payment - Vendor Selection	Discretionary Planned			█	█	█			
● ImageRight Upgrade Project	Discretionary Planned			█	█	█			
● PortalGuard to OKTA Project	Discretionary Planned			█	█		█		
● PerformYard Performance Management Project	Discretionary Planned			█	█				
● Slab Claims Evaluation Program	Discretionary Planned		█	█	█				

## 5. Financial

### 5A. Report of the Secretary/Treasurer

#### 5A1. Income Statement

#### 5A2. Management Discussion and Analysis

# Statutory Income Statement – Treasurer’s Report (In 000s)



	For the twelve months ended December 31,			
	Actuals - 2025	Actuals - 2024		
1			2	
2			3	
3			4	
4	<b>Premiums Written:</b>		5	
5	Direct	\$ 820,865	\$ 758,845	6
6	Ceded	(432,106)	(397,070)	7
7	Ceded - Depopulation	0	0	8
8	Net	388,758	361,775	9
9				10
10	<b>Premiums Earned:</b>			11
11	Direct	794,595	708,981	12
12	Ceded	(432,106)	(397,070)	13
13	Ceded - Depopulation	0	0	14
14	Net	362,489	311,911	15
15				16
16	<b>Deductions:</b>			17
17	Direct Losses and LAE Incurred	181,190	154,413	18
18	Direct Losses and LAE Incurred - Harvey	0	0	19
19	Direct Losses and LAE Incurred - Beryl	65,000	480,000	20
20	Ceded Losses and LAE Incurred - Depopulation	0	0	21
21	Operating Expenses	39,159	38,117	22
22	Commission Expense	131,226	121,293	23
23	Ceding commissions / brokerage	(9,853)	(10,971)	24
24	Ceding commissions / brokerage - Depopulation	0	0	25
25	Premium / Maintenance Tax	48	13,166	26
26	Total Deductions	406,769	796,018	27
27				28
28	<b>Net Underwriting Gain or (Loss)</b>	(44,280)	(484,107)	29
29				30
30	<b>Other Income or (Expense):</b>			31
31	Gross Investment Income	24,730	22,797	32
32	Debt Related & Other Investment Fees	(77)	(33)	33
33	Line of Credit Fees	(1,788)	(1,754)	34
34	Interest Expense on Class 1 Bonds	0	0	35
35	Interest Expense on Short Term Debt	0	0	36
36	Premium Charge offs/Write offs	(477)	370	37
37	Miscellaneous Income (Expense)	0	0	38
38	Total Other Income or (Expense)	22,387	21,380	39
39				40
40	<b>Net Income (Loss)</b>	\$ (21,893)	\$ (462,728)	41
41				42
42	<b>Surplus (Deficit) Account:</b>			43
43	Beginning Surplus (Deficit)	(413,511)	45,853	44
44	Net Income (Loss)	(21,893)	(462,728)	45
45	Change in Provision for Reinsurance	0	0	46
46	Change in nonadmitted assets	(4,140)	4,974	47
47	Unassigned Funds - Unrecognized Pension Expense	(1,550)	(1,611)	48
48	Statutory Fund Income / (Expense)	423,648	(0)	49
49	<b>Ending Surplus (Deficit)</b>	\$ (17,445)	\$ (413,511)	

**Texas Windstorm Insurance Association**  
**Management’s Discussion and Analysis of Financial Results**  
For the Twelve Months Ended December 31, 2025

**Written and Earned Premiums**

<b>Actual vs Budget</b>	Dec-2025 YTD Actual	Dec-2025 YTD Budget	Variance Inc (Dec)	Variance % Inc (Dec)
Direct Written Premiums	\$ 820.9 M	\$ 779.5 M	\$ 41.4 M	5.3%
Direct Earned Premiums	\$ 794.6 M	\$ 779.2 M	\$ 15.4 M	2.0%
Policies In-Force	284,846	284,975	(129)	(0.0%)

<b>Current Yr vs Prior Yr Actual</b>	Dec-2025 YTD Actual	Dec-2024 YTD Actual	Variance Inc (Dec)	Variance % Inc (Dec)
Direct Written Premiums	\$ 820.9 M	\$ 758.8 M	\$ 62.0 M	8.2%
Direct Earned Premiums	\$ 794.6 M	\$ 709.0 M	\$ 85.6 M	12.1%
Policies In-Force	284,846	272,567	12,279	4.5%

**Reinsurance Costs**

- The 2025-2026 reinsurance program incepted on June 1, 2025. Coverage for the 2025 hurricane season consists of \$2.45 billion of collateralized catastrophe bonds and \$1.777 billion of traditional reinsurance. Gross ceded premiums associated with the \$4.227 billion in coverage totaled \$432.1 million compared to a budgeted estimate of \$485.0 million. This total reflects an overall rate-on-line (ROL) of 10.2% compared to 9.6% ROL for the 2024/2025 program. The final cost includes the December true-up to actual exposures as of September 30, 2025. The net cost of the reinsurance program after ceding commission was \$422.3 million. Reinsurance premiums ceded are recognized over the hurricane season beginning June 1 and ending on November 30 of each year.

**Depopulation Program**

- There will be no round 9 (2025-2026) or round 10 (2026-2027) of the Assumption Reinsurance Depopulation Program as no carriers applied to participate.

# Texas Windstorm Insurance Association Management's Discussion and Analysis of Financial Results (cont'd)

## Loss and Loss Adjustment Expense Incurred

<b>Actual vs Budget</b>	Dec-2025 YTD Actual	Dec-2025 YTD Budget	Variance Inc (Dec)	Variance % Inc (Dec)
Direct Losses Incurred	\$ 181.1 M	\$ 76.1 M	\$ 104.9 M	137.8%
Direct LAE Incurred	\$ 65.1 M	\$ 22.3 M	\$ 42.9 M	192.5%
<b>Total Direct Losses &amp; LAE</b>	<b>\$ 246.2 M</b>	<b>\$ 98.4 M</b>	<b>\$ 147.8 M</b>	<b>150.2%</b>
<b>Loss &amp; LAE Ratio</b>	<b>31.0%</b>	<b>12.6%</b>		<b>18.4%</b>

<b>Current Yr vs Prior Yr Actual</b>	Dec-2025 YTD Actual	Dec-2024 YTD Actual	Variance Inc (Dec)	Variance % Inc (Dec)
Direct Losses Incurred	\$ 181.1 M	\$ 518.5 M	(\$ 337.4 M)	(65.1%)
Direct LAE Incurred	\$ 65.1 M	\$ 115.9 M	(\$ 50.8 M)	(43.8%)
<b>Total Direct Losses &amp; LAE</b>	<b>\$ 246.2 M</b>	<b>\$ 634.4 M</b>	<b>(\$ 388.2 M)</b>	<b>(61.2%)</b>
<b>Loss &amp; LAE Ratio</b>	<b>31.0%</b>	<b>89.5%</b>		<b>(58.5%)</b>

- The ultimate loss and loss adjustment expense estimate for Hurricane Beryl is \$545 million as of December 31, 2025.
- The ultimate loss and loss adjustment expense estimate for Hurricane Harvey remains at \$1.655 billion as of December 31, 2025.

## Operating Expenses

<b>Actual vs Budget</b>	Dec-2025 YTD Actual	Dec-2025 YTD Budget	Variance Inc (Dec)	Variance % Inc (Dec)
Operating Expenses	\$ 39.2 M	\$ 40.3 M	(\$ 1.1 M)	(2.8%)
Operating Expense Ratio	4.9%	5.2%		(0.2%)

<b>Current Yr vs Prior Yr Actual</b>	Dec-2025 YTD Actual	Dec-2024 YTD Actual	Variance Inc (Dec)	Variance % Inc (Dec)
Operating Expenses	\$ 39.2 M	\$ 38.1 M	\$ 1.0 M	2.7%
Operating Expense Ratio	4.9%	5.4%		(0.4%)

- Net operating expenses shown above and on the statutory income statement exclude claims related expenses which are recorded in losses and loss adjustment expense. Expenses under budget included Personnel Expenses (\$1,322,000) and Other Operating Expenses (\$365,000). Expenses over budget included Professional & Consulting Services \$554,000 and Hardware and Software \$47,000.

# Texas Windstorm Insurance Association Management's Discussion and Analysis of Financial Results (cont'd)

## Commission Expense and Premium / Other Taxes

<b>Actual vs Budget</b>	Dec-2025 YTD Actual	Dec-2025 YTD Budget	Variance Inc (Dec)	Variance % Inc (Dec)
Commission Expense	\$ 131.2 M	\$ 124.7 M	\$ 6.5 M	5.2%
Premium / Other Taxes	\$ 0.0 M	\$ 14.2 M	(\$ 14.2 M)	(99.7%)

<b>Current Yr vs Prior Yr Actual</b>	Dec-2025 YTD Actual	Dec-2024 YTD Actual	Variance Inc (Dec)	Variance % Inc (Dec)
Commission Expense	\$ 131.2 M	\$ 121.3 M	\$ 9.9 M	8.2%
Premium / Other Taxes	\$ 0.0 M	\$ 13.2 M	(\$ 13.1 M)	(99.6%)

- Premium taxes recorded in 2025 have been reversed due to HB 2517 which exempts TWIA from premium and maintenance tax for calendar year 2025 and forward.

## Other Income (Expense)

- Operating account balances have been reduced to maximize amounts invested in Money Market Mutual Funds which provide a higher rate of interest earnings. Interest Income on the Association's investments in Money Market Mutual Funds exceed budget as yields declined more slowly than anticipated due to the Fed's concerns over potential inflation.

<b>Actual vs Budget</b>	Dec-2025 YTD Actual	Dec-2025 YTD Budget	Variance Inc (Dec)	Variance % Inc (Dec)
Gross Investment Income	\$ 24.7 M	\$ 18.3 M	\$ 6.4 M	35.0%

<b>Current Yr vs Prior Yr Actual</b>	Dec-2025 YTD Actual	Dec-2024 YTD Actual	Variance Inc (Dec)	Variance % Inc (Dec)
Gross Investment Income	\$ 24.7 M	\$ 22.8 M	\$ 1.9 M	8.5%

# Texas Windstorm Insurance Association

## Management's Discussion and Analysis of Financial Results

### (cont'd)

#### Net Income (Loss)

<b>Actual vs Budget</b>	Dec-2025 YTD Actual	Dec-2025 YTD Budget	Variance Inc (Dec)	Variance % Inc (Dec)
Net Income (Loss)	(\$ 21.9 M)	\$ 45.0 M	(\$ 66.9 M)	(148.6%)

<b>Current Yr vs Prior Yr Actual</b>	Dec-2025 YTD Actual	Dec-2024 YTD Actual	Variance Inc (Dec)	Variance % Inc (Dec)
Net Income (Loss)	(\$ 21.9 M)	(\$ 462.7 M)	\$ 440.8 M	95.3%

#### Surplus (Deficit)

<b>Current Period vs. Prior Year End Actual</b>	Dec-2025 YTD Actual	Dec-24 YTD Actual	Variance Inc (Dec)	Variance % Inc (Dec)
Surplus (Deficit)	(\$ 17.4 M)	(\$ 413.5 M)	\$ 396.1 M	95.8%

- The Association's deficit of \$413.5 million at December 31, 2024, improved to a deficit of \$17.4 million as of December 31, 2025, due primarily to the receipt of Catastrophe Reserve Trust Funds in the amount of \$462.7 million which were partially offset by the year-to-date net loss of \$21.9 million and accrued CRTF expense for 2025 of \$39.1 million.

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## 5B. Financial Statement Review by Staff



TEXAS WINDSTORM  
INSURANCE ASSOCIATION

# FINANCIAL STATEMENTS AND SCHEDULES

December 2025

# Statutory Income Statement (In 000s)



	For the period Dec-2025 Year to Date				
	Actuals - 2025	Budget - 2025	Variance - 2025	Actuals - 2024	
1					1
2					2
3					3
4	<b>Premiums Written:</b>				4
5	\$ 820,865	\$ 779,482	\$ 41,383	\$ 758,845	5
6	(432,106)	(485,000)	52,894	(397,070)	6
7	0	0	0	0	7
8	<u>388,758</u>	<u>294,482</u>	<u>94,277</u>	<u>361,775</u>	8
9					9
10	<b>Premiums Earned:</b>				10
11	\$ 794,595	\$ 779,233	\$ 15,362	\$ 708,981	11
12	(432,106)	(485,000)	52,894	(397,070)	12
13	0	0	0	0	13
14	<u>362,489</u>	<u>294,233</u>	<u>68,256</u>	<u>311,911</u>	14
15					15
16	<b>Deductions:</b>				16
17	181,190	98,401	82,789	154,413	17
18	0	0	0	0	18
19	65,000	0	65,000	480,000	19
20	0	0	0	0	20
21	39,159	40,270	(1,112)	38,117	21
22	131,226	124,717	6,509	121,293	22
23	(9,853)	(12,125)	2,272	(10,971)	23
24	0	0	0	0	24
25	48	14,226	(14,178)	13,166	25
26	<u>406,769</u>	<u>265,489</u>	<u>141,280</u>	<u>796,018</u>	26
27					27
28	<u>(44,280)</u>	<u>28,744</u>	<u>(73,024)</u>	<u>(484,107)</u>	28
29					29
30	<b>Other Income or (Expense):</b>				30
31	24,730	18,323	6,406	22,797	31
32	(77)	(109)	32	(33)	32
33	(1,788)	(1,909)	120	(1,754)	33
34	(477)	0	(477)	370	34
35	0	0	0	0	35
36	0	0	0	0	36
37	<u>22,387</u>	<u>16,305</u>	<u>6,082</u>	<u>21,380</u>	37
38					38
39	<u>\$ (21,893)</u>	<u>\$ 45,049</u>	<u>\$ (66,942)</u>	<u>\$ (462,728)</u>	39

# Surplus (Deficit) and Key Operating Ratios (In 000s)



	For the period Dec-2025 Year to Date			
	Actuals - 2025	Budget - 2025	Variance - 2025	Actuals - 2024
<b>Surplus (Deficit) Account:</b>				
Beginning Surplus (Deficit)	\$ (413,511)	\$ (413,511)	0	\$ 45,853
Net Income (Loss)	(21,893)	45,049	(66,942)	(462,728)
Change in Provision for Reinsurance	0	0	0	0
Change in nonadmitted assets	(4,140)	3,349	(7,488)	4,974
Unassigned Funds - Unrecognized Pension Expense	(1,550)	0	(1,550)	(1,611)
Statutory Fund Income / (Expense) <sup>(1)</sup>	423,648	422,951	697	(0)
Ending Surplus (Deficit)	<u>\$ (17,445)</u>	<u>\$ 57,837</u>	<u>\$ (75,283)</u>	<u>\$ (413,511)</u>
<b>Key Operating Ratios:</b>				
Direct:				
Loss & LAE Ratio:				
Non Hurricane	22.8%	12.6%	10.2%	21.8%
Hurricane Harvey	0.0%	0.0%	0.0%	0.0%
Hurricane Beryl	8.2%	0.0%	8.2%	67.7%
Loss & LAE Ratio	<u>31.0%</u>	<u>12.6%</u>	<u>18.4%</u>	<u>89.5%</u>
UW Expense Ratio:				
Acquisition	16.0%	17.8%	(1.8%)	17.7%
Non Acquisition	4.9%	5.2%	(0.2%)	5.4%
UW Expense Ratio	<u>20.9%</u>	<u>23.0%</u>	<u>(2.1%)</u>	<u>23.1%</u>
Combined Ratio	<u>51.9%</u>	<u>35.6%</u>	<u>16.3%</u>	<u>112.6%</u>
Net:				
Loss & LAE Ratio:				
Non Hurricane	50.0%	33.4%	16.5%	49.5%
Hurricane Harvey	0.0%	0.0%	0.0%	0.0%
Hurricane Beryl	17.9%	0.0%	17.9%	153.9%
Loss & LAE Ratio	<u>67.9%</u>	<u>33.4%</u>	<u>34.5%</u>	<u>203.4%</u>
UW Expense Ratio:				
Acquisition	34.7%	43.0%	(8.3%)	36.9%
Non Acquisition	10.8%	13.7%	(2.9%)	12.2%
UW Expense Ratio	<u>45.5%</u>	<u>56.7%</u>	<u>(11.2%)</u>	<u>49.2%</u>
Combined Ratio	<u>113.5%</u>	<u>90.2%</u>	<u>23.3%</u>	<u>252.6%</u>
<sup>(1)</sup> CRTF Funds Received	\$ 462,728			
CRTF Expense Accrued	<u>(39,080)</u>			
Net Statutory Fund Income (rounded)	423,648			

**Note: Beginning budgeted surplus adjusted to actual for comparative purposes.**

# Statutory Expense Statement (In 000s)



		For the twelve months ended December 31,			
	Description	Actuals - 2025	Budget - 2025	Variance - 2025	Actuals - 2024
1					
2					
3	Personnel Expenses				
4	Salaries & Wages - Permanent	\$ 16,323	\$ 17,498	\$ (1,174)	\$ 15,325
5	Contractor & Temporary Help	24,397	31,808	(7,412)	35,480
6	Payroll Taxes	1,178	1,236	(58)	1,104
7	Employee Benefits	4,883	5,101	(219)	4,518
8	Recruiting, Training & Other	200	480	(279)	310
9	Subtotal	46,981	56,123	(9,142)	56,737
10					
11	Professional & Consulting Services				
12	Legal	398	500	(103)	453
13	Accounting & Auditing	253	273	(20)	252
14	Information Technology	2,841	2,827	14	5,154
15	Actuarial Services	84	89	(5)	72
16	Ombudsman Program	105	131	(26)	112
17	Surveys & Inspections	399	551	(152)	1,419
18	Disaster Recovery Services	6	7	(0)	4
19	Other Services <sup>(1)</sup>	6,259	5,665	594	8,774
20	Subtotal	10,345	10,043	303	16,241
21					
22	Hardware/Software Purchases & Licensing	6,755	6,654	101	4,410
23	Rental & Maintenance - Office/Equipment	1,038	1,093	(55)	963
24	Travel Expenses	178	288	(111)	182
25	Postage, Telephone and Express	1,699	1,550	149	1,614
26	Capital Management Expenses	0	0	0	0
27	Depreciation & Amortization	3,086	3,086	0	3,096
28	Other Operating Expenses	1,825	2,221	(396)	1,728
29	<b>Total Operating Expenses</b>	<b>\$ 71,908</b>	<b>\$ 81,059</b>	<b>\$ (9,151)</b>	<b>\$ 84,970</b>
30					
31	Capitalization of Fixed Assets	0	0	0	0
32	Reimbursement of Depop Servicing Expense	0	0	0	(0)
33	Allocation To ULAE	(32,672)	(40,740)	8,068	(46,809)
34	Allocation To Investing & Other Expense	(77)	(49)	(28)	(43)
35	<b>Net Operating Expense - UW Operations</b>	<b>\$ 39,159</b>	<b>\$ 40,270</b>	<b>\$ (1,112)</b>	<b>\$ 38,117</b>

<sup>(1)</sup> Summary Details for Other Services:

VENDOR	Amount	Department
Accenture LLP	\$ 1,533	Slab Claim Evaluation Program
Moody's Analytics Inc.	1,099	Slab Claim Evaluation Program
Clear Point Claims LLC	623	Underwriting
AON Re Inc	600	Actuary & Enterprise Analytics
Xactware Solutions Inc	362	Claims
Marshall & Swift/Boeckh	276	Underwriting
Risk Management Solutions Inc	258	Slab Claim Evaluation Program
Texas Tech University	227	Slab Claim Evaluation Program
LexisNexis Risk Solutions FL Inc	201	Legal & Compliance / Underwriting
ISO Services Inc	178	Claims
Nearmap US, Inc	147	Claims
Genesys Cloud Services, Inc.-	108	Underwriting
LYNX Services LLD	78	Claims
Floatbot, Inc	67	Claims
Cornerstone OnDemand Inc	53	Human Resources
*Other Outside Services below \$50K	449	Various Departments
<b>Total Other Services</b>	<b>\$ 6,259</b>	

# Statutory Balance Sheet

## (In 000s)



	<u>Dec-2025</u>	<u>Dec-2024</u>	
1			1
2	<b>Admitted Assets</b>		2
3	Cash and short term investments:		3
4	\$ 735,549	\$ 261,866	4
5	0	0	5
6	0	0	6
7	<u>735,549</u>	<u>261,866</u>	7
8	66,901	57,786	8
9	0	0	9
10	0	0	10
11	<u><b>\$ 802,449</b></u>	<u><b>\$ 319,652</b></u>	11
12			12
13	<b>Liabilities, Surplus and other funds</b>		13
14	<b>Liabilities:</b>		14
15	169,589	161,475	15
16	12,252	18,521	16
17	417,158	390,888	17
18	158,756	143,271	18
19	0	0	19
20	23,060	19,007	20
21	39,080	0	21
22	<u><b>819,895</b></u>	<u><b>733,163</b></u>	22
23			23
24	<b>Surplus and other funds</b>		24
25	(17,445)	(413,511)	25
26	<u><b>\$ 802,449</b></u>	<u><b>\$ 319,652</b></u>	26
27			27
28			28
29	<u><b>\$ 14,125</b></u>	<u><b>\$ 466,330</b></u>	29
30			30
31	<u><b>\$ 53,204</b></u>	<u><b>\$ 466,330</b></u>	31

# Statement of Cash Flows (In 000s)



	For the twelve months ended December 31,			
	Actual - 2025	Budget - 2025	Variance - 2025	
1				1
2				2
3				3
4	<b>Cash flows from operating activities:</b>			4
5	\$ 400,123	\$ 397,616	\$ 2,507	5
6	(238,076)	(189,513)	(48,563)	6
7	(172,231)	(164,454)	(7,776)	7
8	0	0	0	8
9	(280)	0	(280)	9
10	(10,464)	43,649	(54,113)	10
11	<b>Cash flows from non-operating activities:</b>			11
12	462,728	468,000	(5,272)	12
13	0	0	0	13
14	462,728	468,000	(5,272)	14
15	<b>Cash flows from investing activities:</b>			15
16	0	0	0	16
17	23,208	18,323	4,885	17
18	23,208	18,323	4,885	18
19	<b>Cash flows from financing activities:</b>			19
20	0	0	0	20
21	0	0	0	21
22	(1,788)	(2,018)	230	22
23	(1,788)	(2,018)	230	23
24				24
25	473,683	527,954	(54,271)	25
26	261,866	261,866	0	26
27	<b>\$ 735,549</b>	<b>\$ 789,820</b>	<b>\$ (54,271)</b>	27
28				28
29	\$ 93,184			29
30	405			30
31				31
32	<b>Note: Beginning budgeted Cash and Short-term investments adjusted to actual for comparative purposes.</b>			32

# Cash and Short-Term Investments (In 000s)



Unrestricted Cash and Short Term Investments (\$ in 000s) December 31, 2025												
Bank	Non Interest Bearing	Interest Bearing	Total Amount of Deposits	Average Daily Balance for the Quarter	Investment Income during the Quarter	Average Annual Yield	Total Deposit % of TWIA's Portfolio	N.A. Bank Credit Rating	N.A Tier 1 Capital Ratio	N.A. Regulatory Capital	Are funds in excess of the N.A. Regulatory Capital?	
							< 40%	Superior or Strong	> 10%	> \$25B	> .2% of N.A. Reg Capital	
<b>Balances as of 12/31/2025:</b>												
Bank of America, Operating	\$ 162	\$ 61,879	\$ 62,041	\$ 27,207	\$ 186	2.7%	8%	Superior	15.7%	\$291	No	
Citibank	0	0	0	0	0	0.0%	0%	Superior	13.0%	\$197	No	
JP Morgan Chase	0	23,500	23,500	65,731	336	2.0%	3%	Superior	14.2%	\$161	No	
Citibank IMMA	0	0	0	0	0	0.0%	0%	N/A	N/A	N/A	N/A	
JP Morgan U.S. Treasury Plus Money Market Fund <sup>(1)</sup>	0	152,394	152,394	200,592	1,956	3.9%	21%	N/A	N/A	N/A	N/A	
Chase Goldman Sachs <sup>(1)</sup>	0	172,398	172,398	171,616	1,654	3.9%	23%	N/A	N/A	N/A	N/A	
BOA Morgan Stanley <sup>(2)</sup>	0	52,007	52,007	51,273	496	3.9%	7%	N/A	N/A	N/A	N/A	
BOA Dreyfus Treasury <sup>(2)</sup>	0	118,108	118,108	117,723	1,131	3.8%	16%	N/A	N/A	N/A	N/A	
Fidelity Treasury <sup>(2)</sup>	0	155,100	155,100	148,638	1,447	3.9%	21%	N/A	N/A	N/A	N/A	
<b>Total of all financial institutions</b>	<b>\$ 162</b>	<b>\$ 735,386</b>	<b>\$ 735,549</b>	<b>\$ 782,780</b>	<b>\$ 7,206</b>	<b>3.7%</b>	<b>100%</b>					
<b>Balances as of 09/30/2025:</b>												
Bank of America, Operating	\$ 162	\$ 42,156	\$ 42,318	\$ 53,418	\$ 415	3.1%	6%	Superior	13.3%	\$196	No	
Citibank	0	0	0	0	0	0.0%	0%	Superior	13.9%	\$160	No	
JP Morgan Chase	0	35,376	35,376	55,618	340	2.4%	5%	Superior	15.6%	\$282	No	
Citibank IMMA	0	0	0	0	0	0.0%	0%	N/A	N/A	N/A	N/A	
JP Morgan U.S. Treasury Plus Money Market Fund <sup>(1)</sup>	0	225,225	225,225	197,858	2,067	4.2%	29%	N/A	N/A	N/A	N/A	
Chase Goldman Sachs <sup>(1)</sup>	0	150,787	150,787	150,250	1,549	4.1%	20%	N/A	N/A	N/A	N/A	
BOA Morgan Stanley <sup>(2)</sup>	0	51,503	51,503	50,761	528	4.2%	7%	N/A	N/A	N/A	N/A	
BOA Dreyfus Treasury <sup>(2)</sup>	0	116,961	116,961	116,544	1,202	4.1%	15%	N/A	N/A	N/A	N/A	
Fidelity Treasury <sup>(2)</sup>	0	143,686	143,686	127,586	1,337	4.2%	19%	N/A	N/A	N/A	N/A	
<b>Total of all financial institutions</b>	<b>\$ 162</b>	<b>\$ 765,693</b>	<b>\$ 765,856</b>	<b>\$ 752,036</b>	<b>\$ 7,438</b>	<b>4.0%</b>	<b>100%</b>					
<sup>(1)</sup> The Fund invests in U.S. treasury bills, notes, bonds and other obligations issued or guaranteed by the U.S. Treasury. <sup>(2)</sup> The Fund invests in U.S. Treasury bills, notes, trust receipts and direct obligations of the U.S. Treasury.												
Bank credit rating, Tier 1 Capital Ratios, and Regulatory Capital were reviewed with the latest financial information available as of September 30, 2025. Rates, ratios and regulatory capital are comparable and consistent with year end National Association (N.A.) results.												

# Historical Data (\$ in 000s)



1971 - 2025											
(\$ with 000s omitted)											
YEAR	GROSS						NET				CRTF BALANCE END OF PERIOD
	LIABILITY IN FORCE END OF PERIOD	POLICY COUNT	RATE CHANGES		WRITTEN PREMIUMS	LOSS & LAE INCURRED	EARNED PREMIUMS	LOSS & LAE INCURRED	UNDERWRITING EXPENSES INCURRED	UNDERWRITING GAIN (LOSS)	
1971-1987	\$ 4,401,486	57,976			\$ 164,538	\$ 187,465	\$ 113,518	\$ 187,465	\$ 35,926	\$ (109,874)	
1988	4,266,615	56,773	-5.4%	-15.0%	19,061	2,509	3,551	2,509	4,066	(3,024)	
1989	4,236,600	55,401	-	-	18,066	14,176	5,330	14,176	4,037	(12,883)	
1990	4,248,611	56,155	3.1%	-2.1%	18,244	1,590	16,761	1,590	4,171	11,000	
1991	4,346,209	54,145	25.0%	-2.0%	20,504	1,783	7,167	1,783	4,343	1,042	
1992	5,155,790	55,471	-20% (I)/-75% (B)	-22.9%	11,495	1,321	4,014	1,321	4,220	(1,527)	
1993	6,500,165	56,921	30.0%	-	19,377	4,778	123,515	4,778	5,161	113,576	
1994	7,645,176	63,348	-	-	26,545	1,572	25,692	1,572	6,982	17,138	\$ 124,847
1995	8,828,140	69,807	25.0%	-	32,419	4,033	29,016	4,033	8,119	16,864	151,284
1996	10,001,843	72,977	-	-	40,359	1,484	37,153	1,484	10,627	25,042	179,020
1997	10,907,937	75,361	-	-	42,463	4,133	41,045	4,133	11,038	25,874	216,896
1998	11,633,935	77,261	0.2%	-3.0%	44,411	27,235	28,256	27,235	12,181	(11,160)	238,221
1999	11,972,502	75,947	-9.4%	-	44,581	11,320	28,702	11,320	11,524	5,858	250,403
2000	12,052,604	73,815	8.7%	9.0%	48,012	7,937	28,470	7,937	11,681	8,852	268,563
2001	13,249,407	77,022	18.5%	4.0%	54,631	8,011	31,112	8,011	12,936	10,165	280,063
2002	16,003,048	85,668	-	5.0%	72,968	32,359	44,516	32,359	16,584	(4,427)	303,185
2003	18,824,457	96,420	-	10.0%	87,987	24,955	51,702	24,955	19,682	7,065	305,599
2004	20,796,656	103,503	9.6%	10.0%	102,384	6,115	52,230	6,115	21,911	24,204	308,729
2005	23,263,934	109,693	-	10.0%	113,928	178,370	65,438	178,370	25,277	(138,209)	311,508
2006	38,313,022	143,999	3.1%	13.4%	196,833	5,188	85,467	5,188	37,138	43,141	361,823
2007	58,641,546	216,008	4.2%	3.7%	315,139	17,985	135,843	17,985	51,768	66,090	388,542
2008	58,585,060	215,537	8.2%	5.4%	331,049	2,587,123	(138,560)	1,117,123	53,759	(1,309,442)	-
2009	61,700,891	230,545	12.3%	15.6%	382,342	(486,314)	389,600	(183,974)	87,899	485,675	-
2010	67,452,357	242,664	-	-	385,550	555,025	351,730	252,685	85,598	13,447	76,334
2011	71,083,333	255,945	5.0%	5.0%	403,748	202,539	321,781	202,539	81,665	37,577	146,650
2012	74,186,949	266,726	5.0%	5.0%	443,480	401,873	321,122	401,873	93,583	(174,334)	178,902
2013	76,921,369	270,814	5.0%	5.0%	472,739	30,975	295,130	30,975	100,524	163,631	186,184
2014	78,763,302	275,626	5.0%	5.0%	494,036	(13,994)	367,555	(13,994)	109,189	272,360	216,813
2015	78,551,742	272,219	5.0%	5.0%	503,824	178,886	377,594	178,886	114,973	83,736	487,170
2016	73,393,573	254,346	5.0%	5.0%	487,354	38,669	370,404	38,625	109,756	222,023	587,860
2017	65,023,810	231,567	-	-	423,074	1,476,861	347,354	1,475,302	97,878	(1,225,826)	1,220
2018	58,041,760	202,208	5.0%	5.0%	395,552	175,718	301,515	175,998	96,399	29,118	5,986
2019	55,189,815	189,203	-	-	372,017	113,513	287,477	113,398	92,415	81,664	122,496
2020	55,009,638	184,890	-	-	369,600	118,669	261,574	118,470	90,594	52,510	179,174
2021	59,543,596	193,002	-	-	395,113	19,026	276,372	19,048	95,623	161,701	182,712
2022	75,698,532	222,480	5.0%	5.0%	518,299	51,213	311,395	51,248	120,093	140,054	190,004
2023	95,677,314	247,531	-	-	653,043	91,367	371,366	91,373	140,022	139,972	283,006
2024	113,745,440	272,567	-	-	758,845	634,413	311,911	634,413	161,578	(484,080)	466,330
2025	126,455,725	284,846	-	-	820,865	246,190	362,489	246,190	160,579	(44,280)	14,125
<b>TOTAL*</b>					<b>\$ 10,104,476</b>	<b>\$ 6,966,069</b>	<b>\$ 6,446,308</b>	<b>\$ 5,494,495</b>	<b>\$ 2,211,499</b>	<b>\$ (1,259,686)</b>	

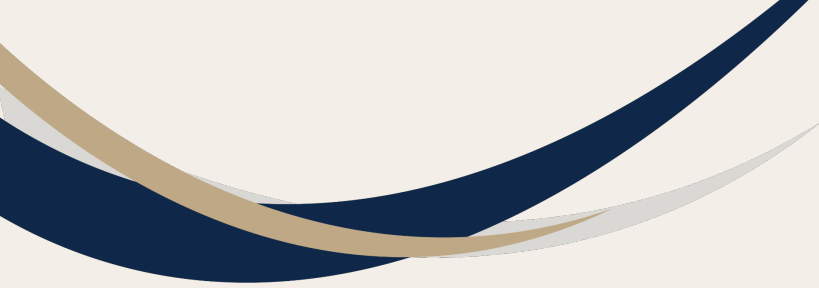
\*2025 data through 12/31/2025

6. Actuarial  
6A. Policy Count/Exposures

# Executive Summary

- Steady PIF and TIV growth indicates a mature state
- **New Policy Issuances:** Down 12% year-over-year
- **Retention** Rate: Steady at 87%
- **Top County Growth:** Chambers (+19%), Brazoria (+17%) and Kenedy (+20%)

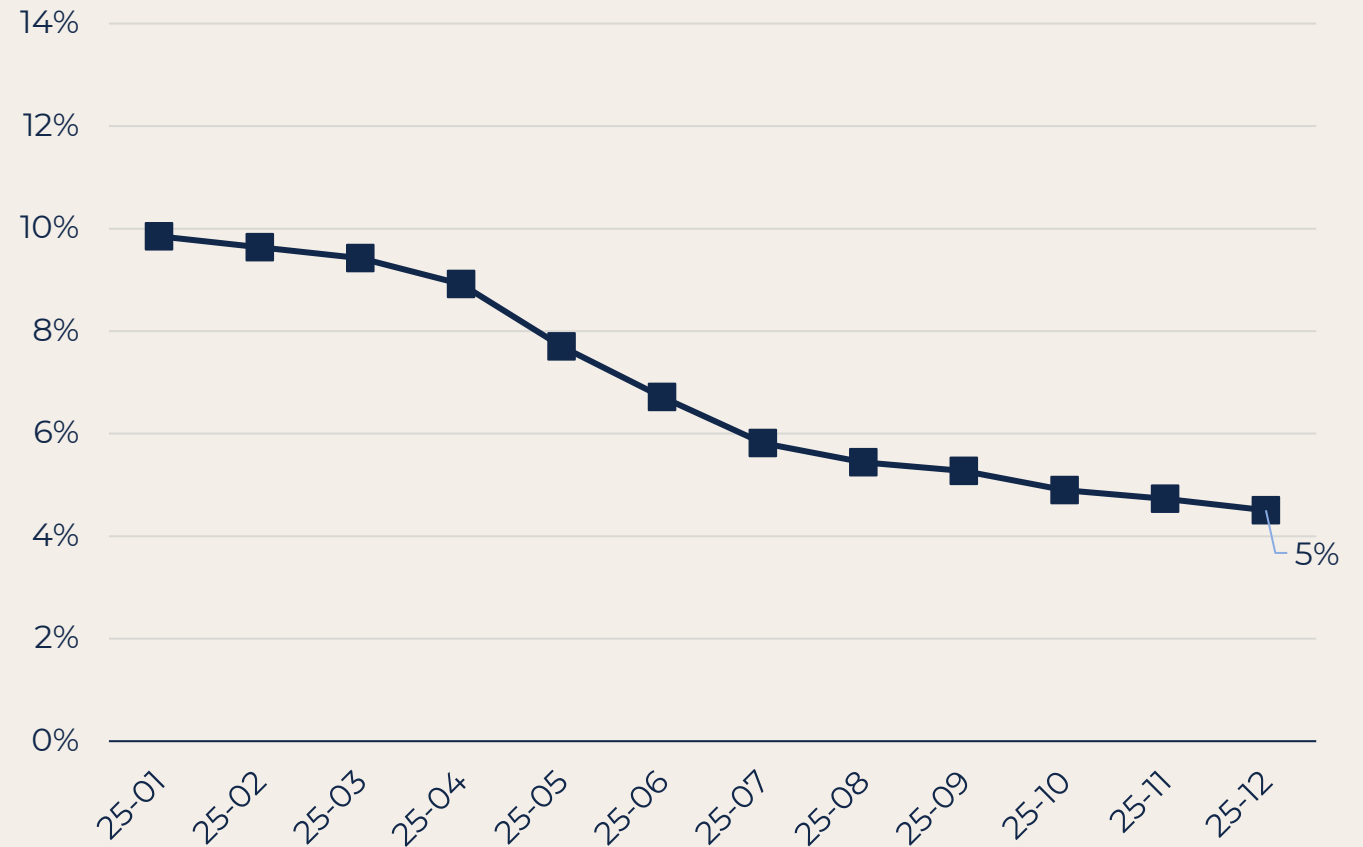
TWIA		
	12/31/2025	YOY Growth
Policies In-Force	284,846	+5%
Total Insured Value	126.5B	+11%
YTD Written Premium	821M	+8%



# YOY Summary

- Steady PIF growth over the last 12 months (5-10% YoY)

### Year Over Year Growth - PIF



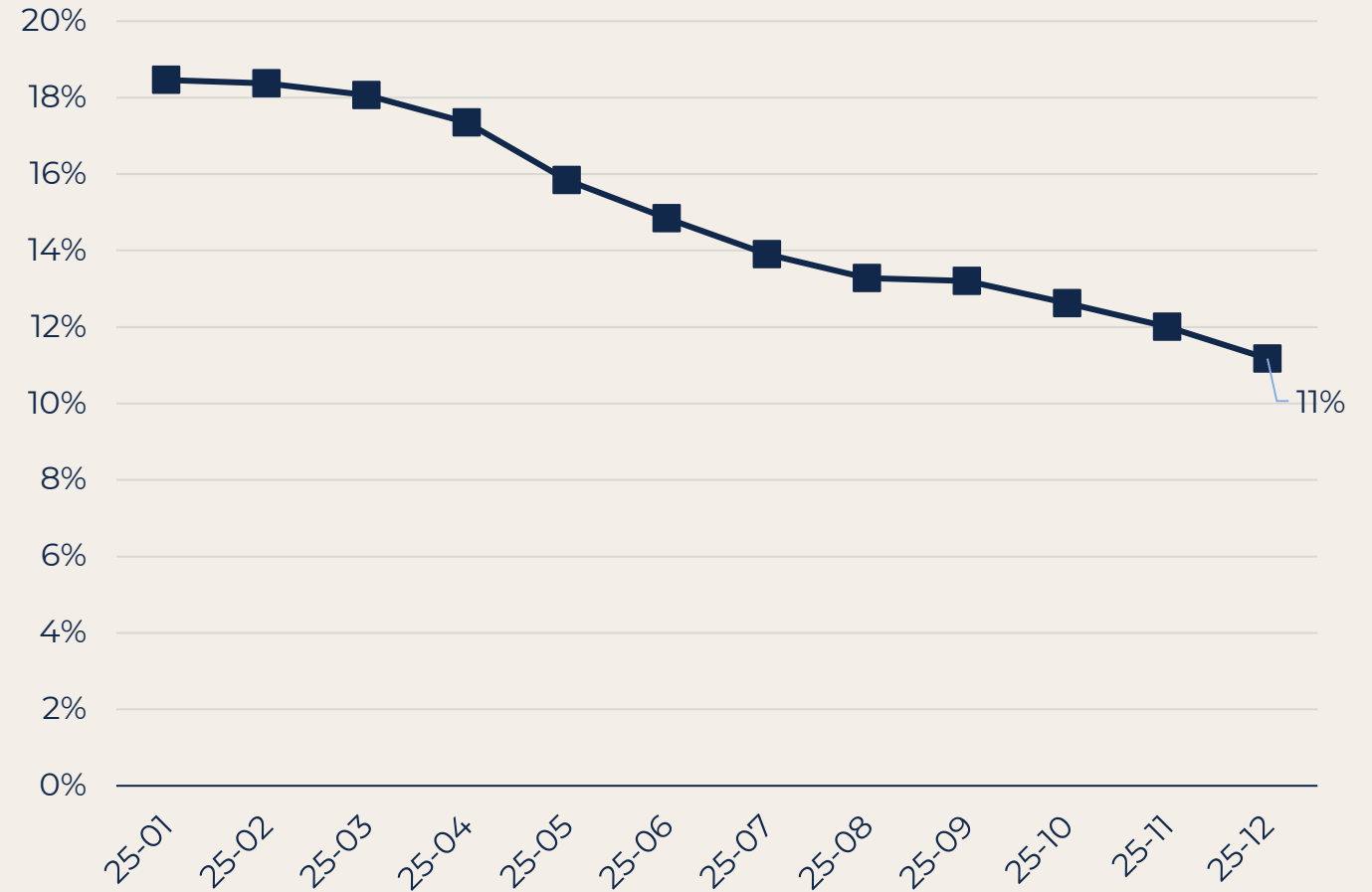
Year/Month	2025-01	2025-02	2025-03	2025-04	2025-05	2025-06	2025-07	2025-08	2025-09	2025-10	2025-11	2025-12
PIF	273,422	274,735	276,220	277,847	278,908	280,376	281,817	282,632	283,333	283,740	284,148	284,846



# YOY Summary

- Steady TIV growth over the last 12 months (10-20% YoY)

### Year Over Year Growth - TIV

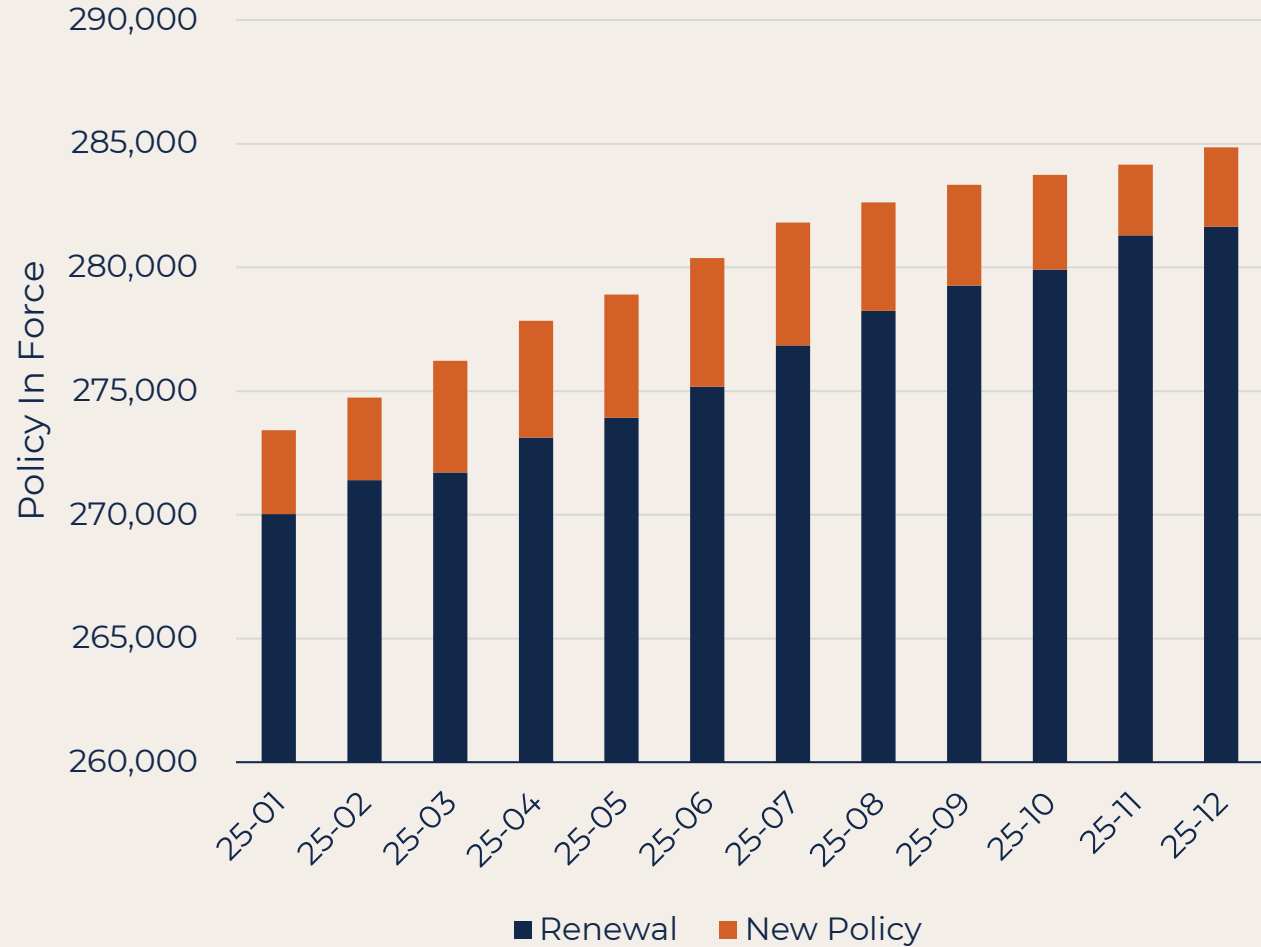


Year/Month	2025-01	2025-02	2025-03	2025-04	2025-05	2025-06	2025-07	2025-08	2025-09	2025-10	2025-11	2025-12
TIV (000,000s)	114,695	115,764	117,187	118,599	119,581	121,177	122,479	123,768	125,337	126,057	126,282	126,456



# New Business versus Renewal

- New policies account for less than 2% of total PIF each month

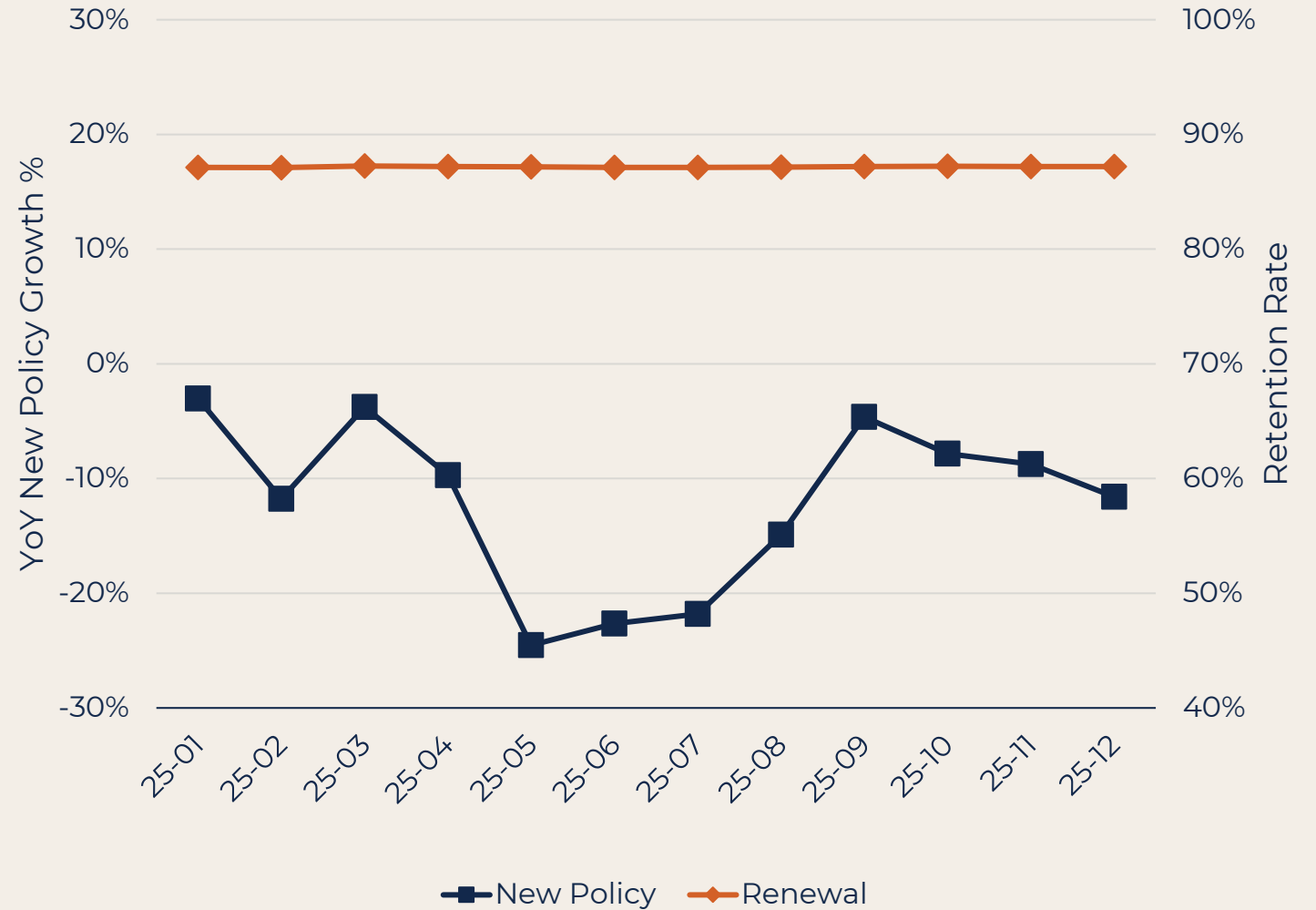


Year/Month	2025-01	2025-02	2025-03	2025-04	2025-05	2025-06	2025-07	2025-08	2025-09	2025-10	2025-11	2025-12
New Policy	3,398	3,330	4,511	4,728	4,989	5,198	4,966	4,384	4,066	3,835	2,859	3,200
Renewal	270,024	271,405	271,709	273,119	273,919	275,178	276,851	278,248	279,267	279,905	281,289	281,646



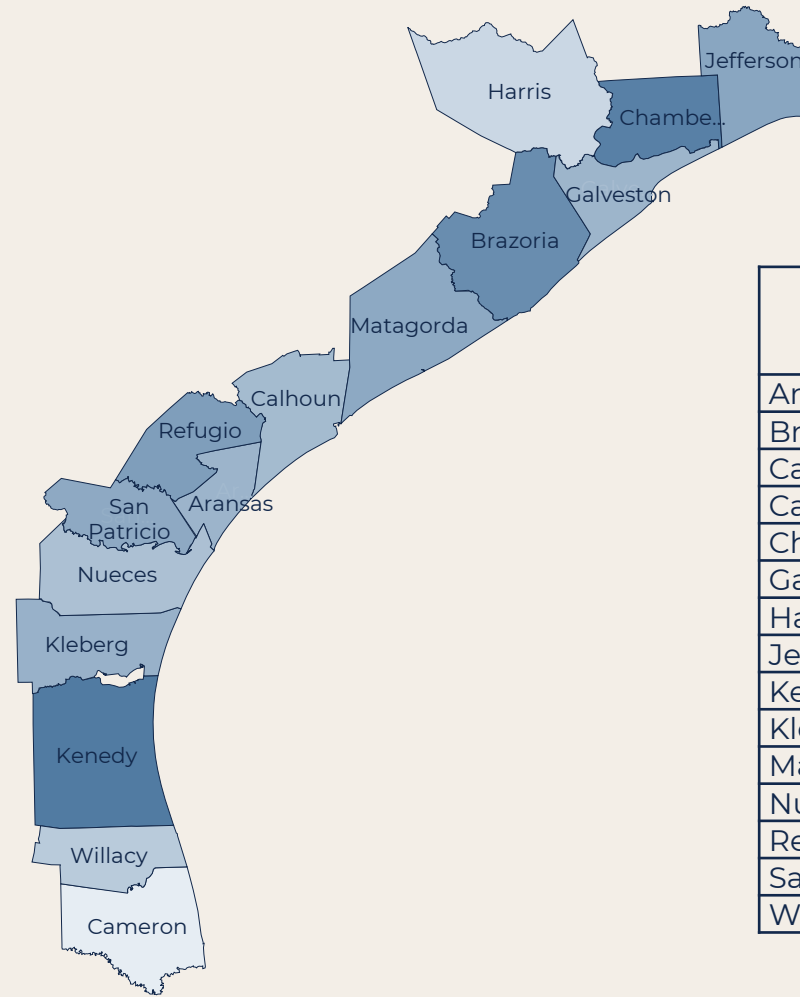
# New Business versus Renewal

- New policy issuance is down 12% YoY
- Retention rate of 87% as of December



# TIV Growth by County

- Overall growth of 11%



County	TIV (in millions)	YoY Growth %
Aransas	4,445	10.2%
Brazoria	25,211	17.0%
Calhoun	1,804	9.1%
Cameron	5,002	0.3%
Chambers	4,365	19.3%
Galveston	42,198	10.1%
Harris	2,059	4.1%
Jefferson	12,695	12.7%
Kenedy	11	20.2%
Kleberg	412	10.7%
Matagorda	2,212	12.2%
Nueces	21,891	8.1%
Refugio	178	14.1%
San Patricio	3,811	12.1%
Willacy	162	6.3%

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**Texas Windstorm Insurance Association**  
**Statistical Report**  
As of December 31, 2025



County	<u>Policies In-Force</u>		<u>PIF Growth</u>		<u>Exposure In-Force</u>		<u>Exposure Growth</u>		<u>YTD Written Premium</u>		<u>Premium Growth</u>	
	12/31/24	12/31/25	Actual	Percentage	12/31/24	12/31/25	Actual	Percentage	12/31/24	12/31/25	Actual	Percentage
Aransas	8,622	9,054	432	5.00%	4,032,970,800	4,444,895,000	\$411,924,200	10.20%	29,732,712	31,848,853	\$2,116,141	7.10%
Brazoria	52,242	56,965	4,723	9.00%	21,538,764,300	25,210,892,400	\$3,672,128,100	17.00%	131,998,504	150,593,405	\$18,594,901	14.10%
Calhoun	4,671	4,742	71	1.50%	1,653,949,600	1,804,353,400	\$150,403,800	9.10%	12,558,529	13,396,523	\$837,994	6.70%
Cameron	11,525	11,260	-265	-2.30%	4,989,983,400	5,002,459,000	\$12,475,600	0.30%	36,429,815	33,895,565	-\$2,534,250	-7.00%
Chambers	7,955	8,857	902	11.30%	3,660,109,400	4,364,957,200	\$704,847,800	19.30%	21,708,064	24,960,416	\$3,252,352	15.00%
Galveston	83,730	86,350	2,620	3.10%	38,319,922,300	42,198,129,500	\$3,878,207,200	10.10%	253,545,482	273,857,182	\$20,311,700	8.00%
Harris	4,545	4,538	-7	-0.20%	1,977,251,500	2,058,977,600	\$81,726,100	4.10%	9,577,210	9,669,355	\$92,145	1.00%
Jefferson	33,362	34,805	1,443	4.30%	11,265,203,600	12,694,853,100	\$1,429,649,500	12.70%	81,406,645	90,309,669	\$8,903,024	10.90%
Kenedy	35	38	3	8.60%	8,794,800	10,571,100	\$1,776,300	20.20%	64,448	72,884	\$8,436	13.10%
Kleberg	1,079	1,111	32	3.00%	371,899,100	411,633,300	\$39,734,200	10.70%	2,858,510	3,154,795	\$296,285	10.40%
Matagorda	5,715	5,869	154	2.70%	1,972,063,600	2,212,071,200	\$240,007,600	12.20%	13,613,465	15,107,080	\$1,493,615	11.00%
Nueces	48,979	50,661	1,682	3.40%	20,246,051,500	21,890,757,300	\$1,644,705,800	8.10%	140,196,716	146,313,321	\$6,116,605	4.40%
Refugio	480	514	34	7.10%	155,762,100	177,717,000	\$21,954,900	14.10%	1,225,844	1,378,930	\$153,086	12.50%
San Patricio	9,218	9,673	455	4.90%	3,400,198,900	3,811,408,400	\$411,209,500	12.10%	22,754,922	25,061,010	\$2,306,088	10.10%
Willacy	409	409	0	0.00%	152,515,500	162,049,100	\$9,533,600	6.30%	1,208,169	1,245,543	\$37,374	3.10%
<b>Total</b>	<b>272,567</b>	<b>284,846</b>	<b>12,279</b>	<b>4.50%</b>	<b>113,745,440,400</b>	<b>126,455,724,600</b>	<b>\$12,710,284,200</b>	<b>11.20%</b>	<b>758,879,035</b>	<b>820,864,531</b>	<b>\$61,985,496</b>	<b>8.20%</b>

**Texas Windstorm Insurance Association**  
 Quarterly Liability Report  
 As of December 31, 2025



Class of Business	Policies Written		Risks Written		Premium Written		Liability at End of Quarter		In-Force at End of Quarter	
	During Qtr	YTD	During Qtr	YTD	During Qtr	YTD	Direct	Indirect	Policies	Risks
<b>Aransas</b>										
Commercial	65	455	123	1,053	577,493	5,635,484	532,108,500	14,112,265	435	1,016
Manufactured Home	40	288	40	288	83,082	572,411	21,712,400	0	271	271
Residential	1,604	8,642	1,604	8,642	4,627,946	25,640,958	3,891,074,100	355,681,060	8,348	8,348
<b>Total</b>	<b>1,709</b>	<b>9,385</b>	<b>1,767</b>	<b>9,983</b>	<b>5,288,521</b>	<b>31,848,853</b>	<b>4,444,895,000</b>	<b>369,793,325</b>	<b>9,054</b>	<b>9,635</b>
<b>Brazoria</b>										
Commercial	133	847	252	1,497	900,168	7,753,899	666,088,500	13,858,865	791	1,292
Manufactured Home	92	546	92	546	173,900	1,035,049	38,776,800	0	498	498
Residential	11,646	57,832	11,646	57,832	28,114,855	141,804,457	24,506,027,100	3,491,367,680	55,676	55,676
<b>SUM:</b>	<b>11,871</b>	<b>59,225</b>	<b>11,990</b>	<b>59,875</b>	<b>29,188,923</b>	<b>150,593,405</b>	<b>25,210,892,400</b>	<b>3,505,226,545</b>	<b>56,965</b>	<b>57,466</b>
<b>Calhoun</b>										
Commercial	38	214	97	468	345,249	1,999,175	166,922,400	3,173,060	200	442
Manufactured Home	19	94	19	94	40,113	180,758	6,879,400	0	90	90
Residential	811	4,608	811	4,608	1,978,752	11,216,590	1,630,551,600	148,624,100	4,452	4,452
<b>SUM:</b>	<b>868</b>	<b>4,916</b>	<b>927</b>	<b>5,170</b>	<b>2,364,114</b>	<b>13,396,523</b>	<b>1,804,353,400</b>	<b>151,797,160</b>	<b>4,742</b>	<b>4,984</b>
<b>Cameron</b>										
Commercial	150	849	290	2,119	2,400,827	14,405,500	1,768,480,100	19,381,250	809	2,062
Manufactured Home	16	103	16	103	30,794	165,754	6,287,300	0	98	98
Residential	2,289	10,786	2,289	10,786	3,807,766	19,324,311	3,227,691,600	309,454,200	10,353	10,353
<b>SUM:</b>	<b>2,455</b>	<b>11,738</b>	<b>2,595</b>	<b>13,008</b>	<b>6,239,387</b>	<b>33,895,565</b>	<b>5,002,459,000</b>	<b>328,835,450</b>	<b>11,260</b>	<b>12,513</b>

**Texas Windstorm Insurance Association**  
Quarterly Liability Report  
As of December 31, 2025



Class of Business	Policies Written		Risks Written		Premium Written		Liability at End of Quarter		In-Force at End of Quarter	
	During Qtr	YTD	During Qtr	YTD	During Qtr	YTD	Direct	Indirect	Policies	Risks
<b>Chambers</b>										
Commercial	25	132	49	211	208,626	1,326,994	109,894,000	2,484,310	125	192
Manufactured Home	52	156	52	156	96,997	283,561	10,668,200	0	145	145
Residential	1,788	8,925	1,788	8,925	4,514,838	23,349,861	4,244,395,000	621,399,020	8,587	8,587
SUM:	1,865	9,213	1,889	9,292	4,820,461	24,960,416	4,364,957,200	623,883,330	8,857	8,924
<b>Galveston</b>										
Commercial	420	2,192	930	4,371	7,570,321	37,007,346	3,371,418,200	73,835,270	2,050	4,080
Manufactured Home	67	328	67	328	131,547	610,889	23,023,300	0	319	319
Residential	17,467	87,325	17,467	87,325	46,409,043	236,238,947	38,803,688,000	4,851,417,020	83,981	83,981
SUM:	17,954	89,845	18,464	92,024	54,110,911	273,857,182	42,198,129,500	4,925,252,290	86,350	88,380
<b>Harris</b>										
Commercial	15	88	23	209	157,272	1,423,610	146,260,000	2,237,175	84	205
Manufactured Home	1	7	1	7	1,048	12,105	462,000	0	7	7
Residential	949	4,609	949	4,609	1,672,974	8,233,640	1,912,255,600	271,058,080	4,447	4,447
SUM:	965	4,704	973	4,825	1,831,294	9,669,355	2,058,977,600	273,295,255	4,538	4,659
<b>Jefferson</b>										
Commercial	143	887	397	1,795	1,789,620	10,669,077	987,373,000	18,441,669	847	1,687
Manufactured Home	18	135	18	135	28,491	240,315	8,997,600	0	123	123
Residential	6,308	35,342	6,308	35,342	14,299,526	79,400,277	11,698,482,500	1,606,453,620	33,835	33,835
SUM:	6,469	36,364	6,723	37,272	16,117,637	90,309,669	12,694,853,100	1,624,895,289	34,805	35,645

**Texas Windstorm Insurance Association**  
 Quarterly Liability Report  
 As of December 31, 2025



Class of Business	Policies Written		Risks Written		Premium Written		Liability at End of Quarter		In-Force at End of Quarter	
	During Qtr	YTD	During Qtr	YTD	During Qtr	YTD	Direct	Indirect	Policies	Risks
<b>Kenedy</b>										
Commercial	0	3	0	3	-814	3,943	100,000	0	1	1
Manufactured Home	0	0	0	0	0	0	0	0	0	0
Residential	2	39	2	39	5,768	68,941	10,471,100	110,000	37	37
SUM:	2	42	2	42	4,954	72,884	10,571,100	110,000	38	38
<b>Kleberg</b>										
Commercial	7	51	9	82	10,222	944,423	60,916,900	850,020	49	73
Manufactured Home	1	6	1	6	1,179	12,550	479,000	0	6	6
Residential	219	1,111	219	1,111	415,309	2,197,822	350,237,400	39,333,820	1,056	1,056
SUM:	227	1,168	229	1,199	426,710	3,154,795	411,633,300	40,183,840	1,111	1,135
<b>Matagorda</b>										
Commercial	38	191	45	383	244,349	1,915,001	171,697,200	6,511,440	179	367
Manufactured Home	11	73	11	73	21,294	157,403	6,055,000	0	71	71
Residential	1,080	5,822	1,080	5,822	2,455,839	13,034,676	2,034,319,000	226,459,640	5,619	5,619
SUM:	1,129	6,086	1,136	6,278	2,721,482	15,107,080	2,212,071,200	232,971,080	5,869	6,057
<b>Nueces</b>										
Commercial	468	2,350	1,058	4,937	6,459,332	31,131,465	3,320,690,100	66,257,845	2,175	4,614
Manufactured Home	17	90	17	90	29,797	177,951	6,493,000	0	88	88
Residential	9,735	50,464	9,735	50,464	22,552,914	115,003,905	18,563,574,200	2,156,801,640	48,398	48,398
SUM:	10,220	52,904	10,810	55,491	29,042,043	146,313,321	21,890,757,300	2,223,059,485	50,661	53,100

**Texas Windstorm Insurance Association**  
 Quarterly Liability Report  
 As of December 31, 2025



Class of Business	Policies Written		Risks Written		Premium Written		Liability at End of Quarter		In-Force at End of Quarter	
	During Qtr	YTD	During Qtr	YTD	During Qtr	YTD	Direct	Indirect	Policies	Risks
<b>Refugio</b>										
Commercial	9	32	13	55	45,024	270,236	21,037,000	217,800	30	53
Manufactured Home	7	33	7	33	14,916	66,472	2,503,900	0	31	31
Residential	70	476	70	476	159,742	1,042,222	154,176,100	17,022,120	453	453
SUM:	86	541	90	564	219,682	1,378,930	177,717,000	17,239,920	514	537
<b>San Patricio</b>										
Commercial	61	317	146	626	415,558	2,650,319	233,446,200	5,311,310	293	566
Manufactured Home	21	104	21	104	41,391	206,629	7,803,100	0	93	93
Residential	1,756	9,662	1,756	9,662	3,947,545	22,204,062	3,570,159,100	465,240,580	9,287	9,287
SUM:	1,838	10,083	1,923	10,392	4,404,494	25,061,010	3,811,408,400	470,551,890	9,673	9,946
<b>Willacy</b>										
Commercial	6	31	20	69	30,964	272,148	27,854,000	129,900	31	69
Manufactured Home	1	12	1	12	1,310	17,677	660,200	0	10	10
Residential	62	381	62	381	125,650	955,718	133,534,900	9,230,000	368	368
SUM:	69	424	83	462	157,924	1,245,543	162,049,100	9,359,900	409	447
<b>Total All Counties</b>										
Commercial	1,578	8,639	3,452	17,878	21,154,211	117,408,620	11,584,286,100	226,802,179	8,099	16,719
Manufactured Home	363	1,975	363	1,975	695,859	3,739,524	140,801,200	0	1,850	1,850
Residential	55,786	286,024	55,786	286,024	135,088,467	699,716,387	114,730,637,300	14,569,652,580	274,897	274,897
SUM:	57,727	296,638	59,601	305,877	156,938,537	820,864,531	126,455,724,600	14,796,454,759	284,846	293,466

## 6B. Reserve Adequacy



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## MEMORANDUM

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DATE: February 4, 2026

TO: David Durden  
General Manager

FROM: James C. Murphy, FCAS, MAAA  
Chief Actuary, Vice President – Enterprise Analytics

RE: TWIA Reserve Adequacy as of December 31, 2025

---

The TWIA actuarial staff has completed a review of Texas Windstorm Insurance Association loss and loss adjustment expense reserves as of December 31, 2025.

As of December 31, 2025, TWIA carried \$169.9 million in total gross loss and loss adjustment expense reserves. The total gross loss and loss adjustment expense reserves include the reserves for Hurricane Harvey, Hurricane Beryl, and all other outstanding claims.

The estimate of ultimate gross loss & expense associated with Hurricane Beryl has increased to \$545 million to account for observed trends in outstanding claim severity and potential claims disputes. TWIA actuarial staff will continue to monitor the development of claims associated with this event and update the ultimate estimate as necessary going forward. The selected ultimate gross loss & expense estimate for Hurricane Harvey remains at \$1.655 billion.

In my opinion, the Association's reserves met the requirements of the insurance laws of Texas, were consistent with reserves computed in accordance with accepted actuarial standards and principles, and made a reasonable provision for all combined unpaid loss and loss expense obligations of the Association under the terms of its contracts and agreements. While there remains a material risk of adverse development, reserves continue to make a reasonable provision for unpaid loss and loss adjustment expenses.

JM

6C. Determination of Probable Maximum  
Loss for a Catastrophe Year with a  
Probability of 1 in 50;  
Including Aon Modeling Update and  
Required Reinsurance Procurement



## MEMORANDUM

---

DATE: February 4, 2026  
TO: David Durden, General Manager  
FROM: James Murphy, Chief Actuary | Vice President, Enterprise Analytics  
RE: Determination of 50-Year Probable Maximum Loss for 2026

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As a result of the passage of HB 3689, the Association is now required by statute to maintain total available loss funding in an amount not less than the Association's probable maximum loss (PML) for a catastrophe year with a one-in-50-year probability. At its November 4, 2025, meeting, the TWIA Board of Directors determined the methodology for calculating the PML as follows:

1. Results from the four catastrophe models will be averaged based on their relative positioning using the following weights: highest model 20%, second highest model 30%, second lowest model 30%, lowest model 20%.
2. Model results will be based on long-term frequency assumptions.
3. A factor of 15% will be added to model results to reflect the inclusion of loss adjustment expenses.

Staff subsequently submitted the Board's resolutions and supporting information to the Texas Department of Insurance. After reviewing the Board's determination, TDI did not exercise their option to specifically approve or adopt a methodology.

At this time, TWIA's catastrophe modeler, Aon, has completed modeling TWIA's exposures and will be in attendance at the February 26, 2026, Board meeting to present the attached information and answer any questions from the Board.

### Template for TWIA Board Resolutions for the 2026 Hurricane Season

1. The Board agrees based on the previously adopted methodology and the information presented that for catastrophe year 2026 the one in fifty probable maximum loss amount is \$\_\_\_ billion.
2. The Board directs the Association's reinsurance broker to pursue placement of a reinsurance program for the 2026-2027 reinsurance contract year using a combination of catastrophe bonds and traditional reinsurance in an aggregate amount of \$\_\_\_ billion (\$\_\_\_ billion excess of \$2 billion) on the most favorable terms that can be achieved in the market.

AON

# Texas Windstorm Insurance Association

Board of Directors Meeting

February 24<sup>th</sup>, 2026

Catastrophe Modeling based on November 30,  
2025 data



# Agenda

Section 1 – TWIA Exposure Change & Modeled Loss Detail

Appendix A – Mid-Year Model Update

Appendix B - Disclaimers

# 1

## TWIA Exposure Change & Modeled Loss Detail

# Limit Change

## Year-Over-Year Portfolio Summary

Portfolio Summary

County	11/30/2025	11/30/2024	% Change
	Limit	Limit	Limit
Jefferson	14,282,575,499	12,550,729,574	13.8%
Chambers	4,959,091,505	4,124,312,135	20.2%
Harris	2,327,047,195	2,208,057,000	5.4%
Galveston	46,999,523,265	42,222,475,935	11.3%
Brazoria	28,575,407,920	24,147,129,710	18.3%
Matagorda	2,438,118,665	2,166,297,290	12.5%
Calhoun	1,946,743,420	1,778,781,810	9.4%
Refugio	194,093,700	167,463,120	15.9%
Aransas	4,790,668,480	4,333,026,790	10.6%
San Patricio	4,285,411,740	3,806,051,240	12.6%
Nueces	24,059,802,980	22,064,453,945	9.0%
Kleberg	456,532,580	409,135,020	11.6%
Kenedy	9,834,600	8,840,800	11.2%
Willacy	171,226,430	159,218,610	7.5%
Cameron	5,349,875,310	5,147,825,790	3.9%
<b>Total</b>	<b>140,845,953,289</b>	<b>125,293,798,769</b>	<b>12.4%</b>



Line of Business % Growth Detail

County	Limit % Change			
	Commercial	Mobile Home	Residential	Total
Jefferson	-4.5%	17.1%	15.4%	13.8%
Chambers	-6.9%	37.6%	21.1%	20.2%
Harris	-31.8%	13.4%	9.4%	5.4%
Galveston	-4.8%	16.1%	12.9%	11.3%
Brazoria	-16.0%	20.3%	19.6%	18.3%
Matagorda	9.8%	18.0%	12.8%	12.5%
Calhoun	-11.0%	26.5%	11.9%	9.4%
Refugio	-0.4%	2.4%	18.7%	15.9%
Aransas	-8.0%	35.1%	13.5%	10.6%
San Patricio	-1.7%	38.3%	13.7%	12.6%
Nueces	-11.9%	19.2%	13.6%	9.0%
Kleberg	-5.5%	19.1%	15.2%	11.6%
Kenedy	N/A	N/A	2.2%	11.2%
Willacy	3.5%	-16.7%	8.5%	7.5%
Cameron	-3.9%	15.7%	8.5%	3.9%
<b>Total</b>	<b>-7.9%</b>	<b>22.7%</b>	<b>14.8%</b>	<b>12.4%</b>

### TWIA's portfolio has grown 12.4% over term

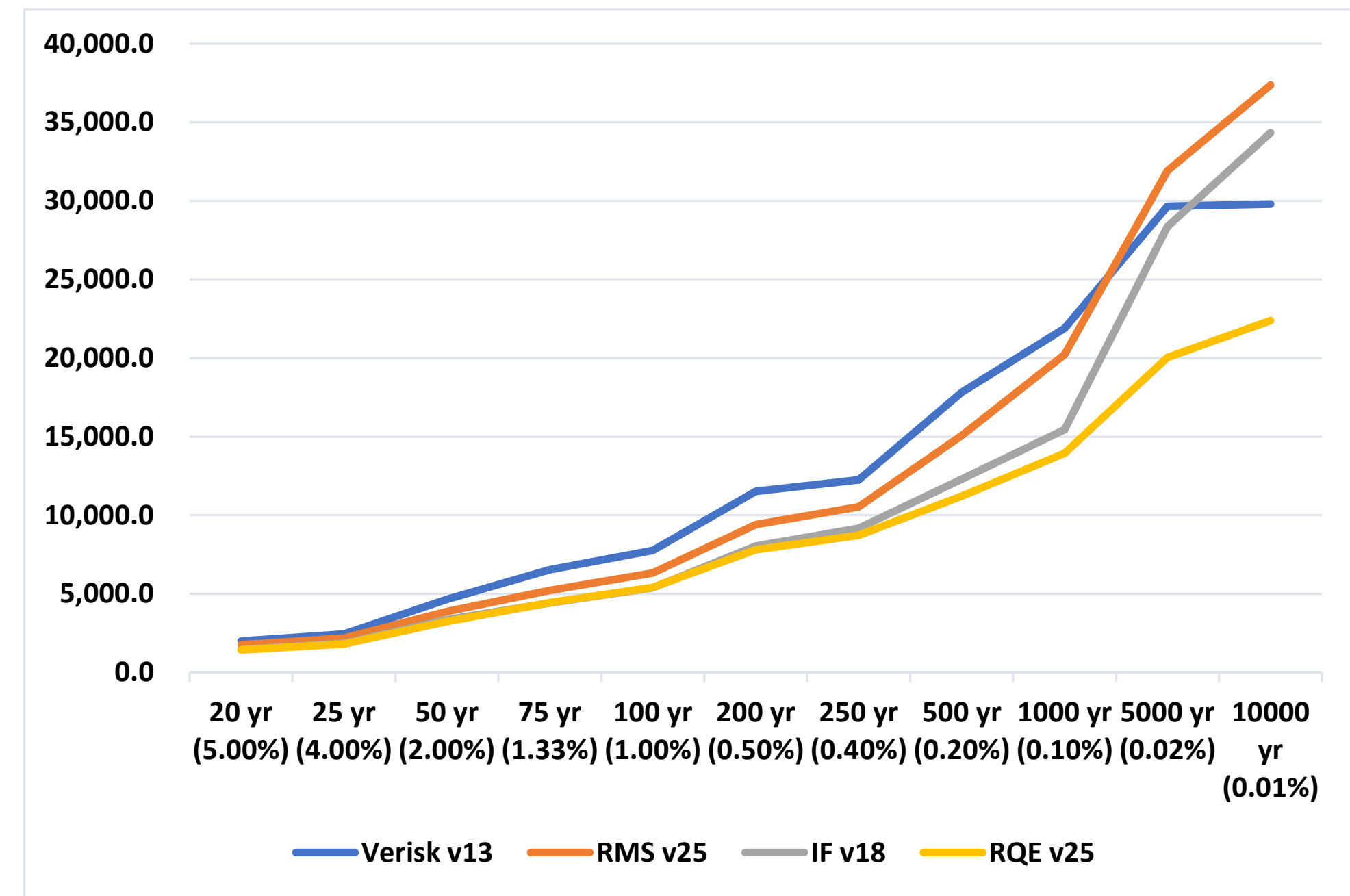
- Portfolio remains driven by Residential exposure change (+14.8%) and modest decrease in Commercial exposure change (-7.9%)
- Mobile Home exposure seeing significant increases (+22.7%) but remains a small contributor overall
- Galveston, Brazoria and Nueces counties continue to account for majority of exposure (70.7%)
- Limits provided by risk from TWIA, not reflective of full replacement cost

# Multi-Model Comparison – All Perils

## Combined Hurricane (Long-Term) & Severe Conv. Storm AEP Gross Losses (excl. LAE)

Data In Force as of 11/30/2025

AEP - All Perils (Long-Term/Standard)					
Exceedence Probability	Return Period	Verisk v13	RMS v25	IF v18	RQE v25
0.01%	10000 yr	29,797.5	37,377.4	34,342.8	22,396.5
0.02%	5000 yr	29,669.1	31,923.6	28,359.3	20,034.7
0.10%	1000 yr	21,895.0	20,220.0	15,452.4	13,939.4
0.20%	500 yr	17,826.2	15,076.5	12,295.0	11,210.8
0.40%	250 yr	12,245.6	10,531.6	9,168.1	8,716.5
0.50%	200 yr	11,519.9	9,398.9	8,048.9	7,810.0
1.00%	100 yr	7,745.6	6,332.0	5,389.5	5,396.5
1.33%	75 yr	6,528.0	5,211.9	4,414.9	4,439.6
<b>2.00%</b>	<b>50 yr</b>	<b>4,653.2</b>	<b>3,864.4</b>	<b>3,350.8</b>	<b>3,241.9</b>
4.00%	25 yr	2,441.8	2,170.8	1,848.0	1,793.1
5.00%	20 yr	1,982.2	1,750.5	1,458.6	1,420.8
	<b>Annual avg</b>	<b>465.0</b>	<b>374.3</b>	<b>322.5</b>	<b>296.0</b>
	<b>Std dev</b>	<b>1,625.8</b>	<b>1,506.7</b>	<b>1,265.4</b>	<b>1,114.9</b>



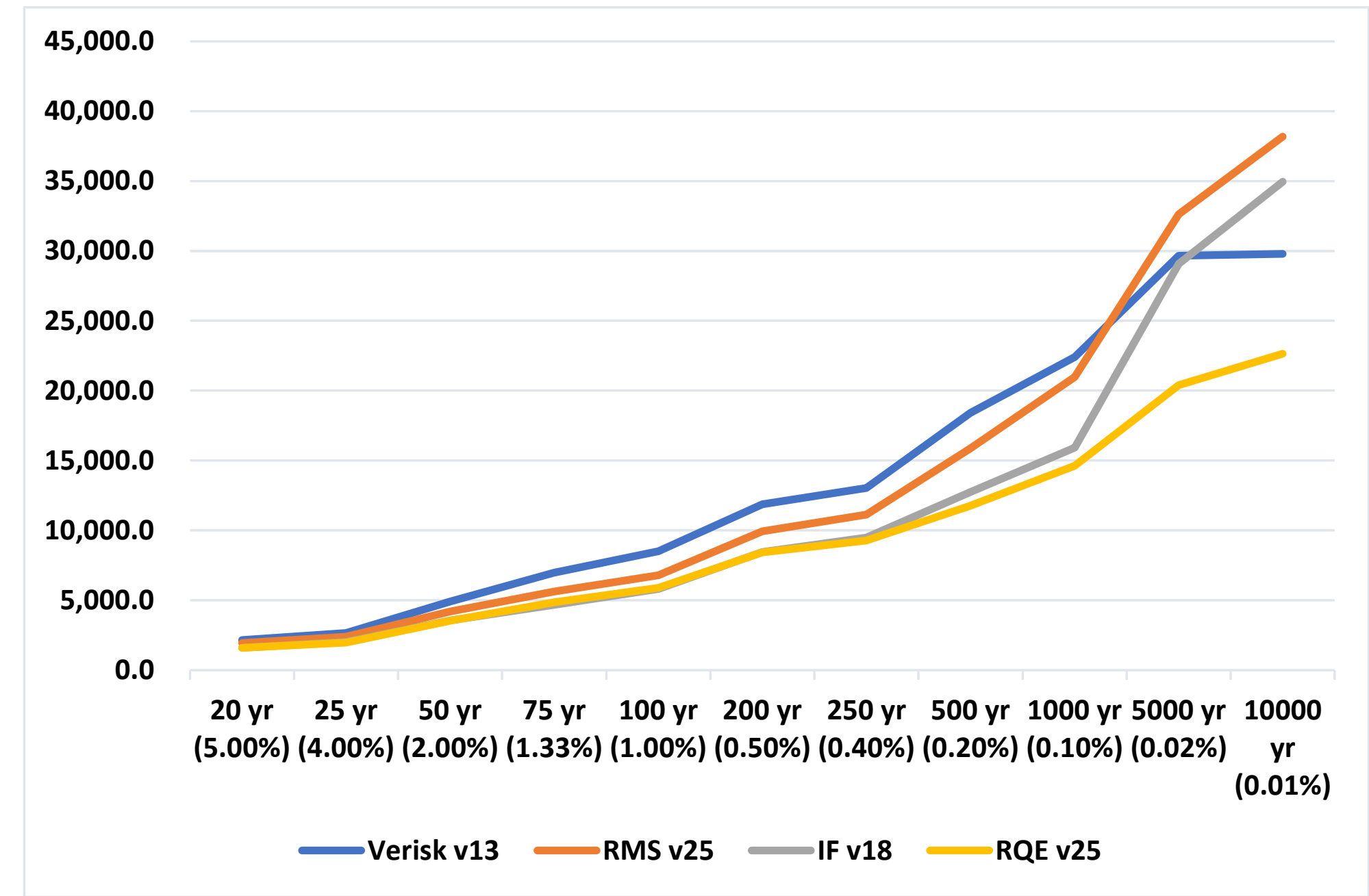
US \$ in Millions  
Including Demand Surge, Excluding Storm Surge

# Multi-Model Comparison – All Perils

## Combined Hurricane (Near-Term) & Severe Conv. Storm AEP Gross Losses (excl. LAE)

Data In Force as of 11/30/2025

AEP - All Perils (Near-Term/Warm Sea Surface Temperature)					
Exceedence Probability	Return Period	Verisk v13	RMS v25	IF v18	RQE v25
0.01%	10000 yr	29,797.5	38,183.9	34,952.4	22,634.1
0.02%	5000 yr	29,669.1	32,618.3	29,077.8	20,396.4
0.10%	1000 yr	22,404.1	20,979.4	15,909.2	14,610.9
0.20%	500 yr	18,399.4	15,856.8	12,739.2	11,771.9
0.40%	250 yr	13,031.1	11,139.5	9,496.7	9,270.2
0.50%	200 yr	11,877.5	9,943.0	8,466.2	8,423.0
1.00%	100 yr	8,511.3	6,787.2	5,817.0	5,880.2
1.33%	75 yr	6,974.4	5,625.9	4,663.4	4,863.9
<b>2.00%</b>	<b>50 yr</b>	<b>4,914.2</b>	<b>4,201.8</b>	<b>3,556.6</b>	<b>3,540.2</b>
4.00%	25 yr	2,645.4	2,398.7	2,008.6	1,980.6
5.00%	20 yr	2,149.2	1,950.7	1,602.5	1,591.3
	<b>Annual avg</b>	<b>491.3</b>	<b>412.8</b>	<b>345.0</b>	<b>325.1</b>
	<b>Std dev</b>	<b>1,685.4</b>	<b>1,584.9</b>	<b>1,318.0</b>	<b>1,186.1</b>



US \$ in Millions  
Including Demand Surge, Excluding Storm Surge

# Modeled Loss Change – All Perils

## Verisk Touchstone v13 (Standard) & Severe Conv. Storm AEP Gross Losses (excl. LAE)

Data In Force as of 11/30/2025

AEP - All Perils (Standard)				
Exceedence Probability	Return Period	Verisk v13	Verisk v13	Exposure
		11/30/2025	11/30/2024	Change
0.01%	10000 yr	29,797.5	27,160.0	9.7%
0.02%	5000 yr	29,669.1	27,141.1	9.3%
0.10%	1000 yr	21,895.0	20,138.0	8.7%
0.20%	500 yr	17,826.2	16,376.2	8.9%
0.40%	250 yr	12,245.6	11,348.6	7.9%
0.50%	200 yr	11,519.9	10,602.7	8.7%
1.00%	100 yr	7,745.6	7,209.5	7.4%
1.33%	75 yr	6,528.0	6,061.9	7.7%
<b>2.00%</b>	<b>50 yr</b>	<b>4,653.2</b>	<b>4,288.3</b>	<b>8.5%</b>
4.00%	25 yr	2,441.8	2,260.3	8.0%
5.00%	20 yr	1,982.2	1,847.6	7.3%
	<b>Annual avg</b>	<b>465.0</b>	<b>429.6</b>	<b>8.2%</b>
	<b>Std dev</b>	<b>1,625.8</b>	<b>1,501.9</b>	<b>8.3%</b>

US \$ in Millions

Including Demand Surge, Excluding Storm Surge

# Modeled Loss Change – All Perils

## RMS RiskLink v25 (Long-Term) & Severe Conv. Storm AEP Gross Losses (excl. LAE)

Data In Force as of 11/30/2025

AEP - All Perils (Long-Term)				
Exceedence Probability	Return Period	RMS v25	RMS v25	Exposure
		11/30/2025	11/30/2024	Change
0.01%	10000 yr	37,377.4	33,617.5	11.2%
0.02%	5000 yr	31,923.6	28,809.0	10.8%
0.10%	1000 yr	20,220.0	18,404.8	9.9%
0.20%	500 yr	15,076.5	13,768.9	9.5%
0.40%	250 yr	10,531.6	9,668.5	8.9%
0.50%	200 yr	9,398.9	8,641.0	8.8%
1.00%	100 yr	6,332.0	5,839.4	8.4%
1.33%	75 yr	5,211.9	4,813.3	8.3%
<b>2.00%</b>	<b>50 yr</b>	<b>3,864.4</b>	<b>3,575.4</b>	<b>8.1%</b>
4.00%	25 yr	2,170.8	2,013.3	7.8%
5.00%	20 yr	1,750.5	1,625.1	7.7%
	<b>Annual avg</b>	<b>374.3</b>	<b>344.8</b>	<b>8.5%</b>
	<b>Std dev</b>	<b>1,506.7</b>	<b>1,376.7</b>	<b>9.4%</b>

US \$ in Millions

Including Demand Surge, Excluding Storm Surge

# Modeled Loss Change – All Perils

## Impact Forecasting v18 (Long-Term) & Severe Conv. Storm AEP Gross Losses (excl. LAE)

Data In Force as of 11/30/2025

AEP - All Perils (Long-Term)				
Exceedence Probability	Return Period	IF v18	IF v18	Exposure
		11/30/2025	11/30/2024	Change
0.01%	10000 yr	34,342.8	31,110.6	10.4%
0.02%	5000 yr	28,359.3	25,699.8	10.3%
0.10%	1000 yr	15,452.4	14,150.9	9.2%
0.20%	500 yr	12,295.0	11,255.0	9.2%
0.40%	250 yr	9,168.1	8,415.5	8.9%
0.50%	200 yr	8,048.9	7,376.3	9.1%
1.00%	100 yr	5,389.5	4,962.8	8.6%
1.33%	75 yr	4,414.9	4,060.6	8.7%
<b>2.00%</b>	<b>50 yr</b>	<b>3,350.8</b>	<b>3,081.9</b>	<b>8.7%</b>
4.00%	25 yr	1,848.0	1,697.2	8.9%
5.00%	20 yr	1,458.6	1,340.0	8.8%
	<b>Annual avg</b>	<b>322.5</b>	<b>294.8</b>	<b>9.4%</b>
	<b>Std dev</b>	<b>1,265.4</b>	<b>1,157.5</b>	<b>9.3%</b>

US \$ in Millions

Including Demand Surge, Excluding Storm Surge

# Modeled Loss Change – All Perils

## Cotality RQE v25 (Long-Term) & Severe Conv. Storm AEP Gross Losses (excl. LAE)

Data In Force as of 11/30/2025

AEP - All Perils (Long-Term)				
Exceedence Probability	Return Period	RQE v25	RQE v25	Exposure
		11/30/2025	11/30/2024	Change
0.01%	10000 yr	22,396.5	20,376.7	9.9%
0.02%	5000 yr	20,034.7	18,380.0	9.0%
0.10%	1000 yr	13,939.4	12,837.6	8.6%
0.20%	500 yr	11,210.8	10,383.3	8.0%
0.40%	250 yr	8,716.5	8,105.7	7.5%
0.50%	200 yr	7,810.0	7,281.5	7.3%
1.00%	100 yr	5,396.5	5,035.4	7.2%
1.33%	75 yr	4,439.6	4,141.8	7.2%
<b>2.00%</b>	<b>50 yr</b>	<b>3,241.9</b>	<b>3,024.4</b>	<b>7.2%</b>
4.00%	25 yr	1,793.1	1,670.8	7.3%
5.00%	20 yr	1,420.8	1,321.1	7.5%
	<b>Annual avg</b>	<b>296.0</b>	<b>274.4</b>	<b>7.9%</b>
	<b>Std dev</b>	<b>1,114.9</b>	<b>1,033.4</b>	<b>7.9%</b>

US \$ in Millions

Including Demand Surge, Excluding Storm Surge

# PML Statutory Selection

Data In Force as of 11/30/2025 (no exposure growth contemplated)

## Current Year Selection

All Perils (Long-Term/Standard)				
Model	Weight	50yr PML - AEP	75yr PML - AEP	100yr PML - AEP
Verisk v13	20%	4,653.2	6,528.0	7,745.6
RMS v25	30%	3,864.4	5,211.9	6,332.0
IF v18	30%	3,350.8	4,414.9	5,389.5
RQE v25	20%	3,241.9	4,439.6	5,396.5
<b>Blend</b>	<b>100%</b>	<b>3,743.6</b>	<b>5,081.5</b>	<b>6,144.9</b>
<b>Blend w/ LAE</b>	<b>100%</b>	<b>4,305.1</b>	<b>5,843.8</b>	<b>7,066.6</b>

## Prior Year Selection

All Perils (Long-Term/Standard)		
Model	Weight	100yr PML - AEP
Verisk v12	0%	7,175.7
RMS v23	25%	6,193.0
IF v18	50%	4,962.8
RQE v23	25%	5,540.5
<b>Blend</b>	<b>100%</b>	<b>5,414.7</b>
<b>Blend w/ LAE</b>	<b>100%</b>	<b>6,227.0</b>

### Blending Considerations

- TWIA Board determination of blending methodology for 2026
  - AEP Long-Term/Standard all perils **50 yr PML**
  - Weighted **20%/30%/30%/20%** across all vendors,
  - Higher weight given to models in between outliers
  - LAE factor of **15%**
- Prior Blending Methods:
  - 50% RMS / 50% Verisk (**2021**)
  - 25% RMS / 25% Verisk / 25% Cotality / 25% IF (**2022**)
  - 100% RMS (**2023**)
  - 75% RMS / 25% Verisk (**2024**)
  - 50% IF / 25% RMS / 25% Cotality (**2025**)

# Managing Tail Risk Tolerance

What is TVaR and how can it inform your coverage decisions?

## Tail Value at Risk (TVaR)

AEP - All Perils (Near-Term/Warm Sea Surface Temperature)

2025 Probability of Exceedence	Verisk Touchstone v13				RMS RiskLink v25			Impact Forecasting v18			Cotality RQE v25		
	Return Period	TVaR	VaR	TVaR Ratio	TVaR	VaR	TVaR Ratio	TVaR	VaR	TVaR Ratio	TVaR	VaR	TVaR Ratio
0.01%	10000 yr	29,797.5	29,797.5	1.00	46,061.0	38,183.9	1.21	43,504.0	34,952.4	1.24	25,088.3	22,634.1	1.11
0.02%	5000 yr	29,733.3	29,669.1	1.00	40,513.6	32,618.3	1.24	37,606.8	29,077.8	1.29	23,361.7	20,396.4	1.15
0.10%	1000 yr	25,134.1	22,404.1	1.12	28,398.3	20,979.4	1.35	23,852.1	15,909.2	1.50	18,242.2	14,610.9	1.25
0.20%	500 yr	22,423.1	18,399.4	1.22	23,265.2	15,856.8	1.47	19,056.1	12,739.2	1.50	15,642.8	11,771.9	1.33
0.40%	250 yr	19,014.1	13,031.1	1.46	18,194.1	11,139.5	1.63	14,976.0	9,496.7	1.58	13,014.6	9,270.2	1.40
0.50%	200 yr	17,652.7	11,877.5	1.49	16,656.3	9,943.0	1.68	13,771.3	8,466.2	1.63	12,181.3	8,423.0	1.45
1.00%	100 yr	13,856.9	8,511.3	1.63	12,398.0	6,787.2	1.83	10,339.7	5,817.0	1.78	9,578.0	5,880.2	1.63
1.33%	75 yr	12,307.1	6,974.4	1.76	10,841.2	5,625.9	1.93	9,042.8	4,663.4	1.94	8,520.3	4,863.9	1.75
<b>2.00%</b>	<b>50 yr</b>	<b>10,130.4</b>	<b>4,914.2</b>	<b>2.06</b>	<b>8,841.5</b>	<b>4,201.8</b>	<b>2.10</b>	<b>7,375.6</b>	<b>3,556.6</b>	<b>2.07</b>	<b>7,057.8</b>	<b>3,540.2</b>	<b>1.99</b>
4.00%	25 yr	6,855.6	2,645.4	2.59	5,989.8	2,398.7	2.50	5,015.8	2,008.6	2.50	4,837.5	1,980.6	2.44
5.00%	20 yr	5,960.3	2,149.2	2.77	5,224.2	1,950.7	2.68	4,370.7	1,602.5	2.73	4,225.2	1,591.3	2.66
	Annual avg	<b>491.3</b>	<b>491.3</b>	<b>1.00</b>	<b>412.8</b>	<b>412.8</b>	<b>1.00</b>	<b>345.0</b>	<b>345.0</b>	<b>1.00</b>	<b>325.1</b>	<b>325.1</b>	<b>1.00</b>
	Std dev	<b>1,685.4</b>	<b>1,685.4</b>	<b>1.00</b>	<b>1,584.9</b>	<b>1,584.9</b>	<b>1.00</b>	<b>1,318.0</b>	<b>1,318.0</b>	<b>1.00</b>	<b>1,186.1</b>	<b>1,186.1</b>	<b>1.00</b>

US \$ in Millions

Including Demand Surge, Excluding Storm Surge

**TVaR captures the size or severity of loss events once they reach the 50-year threshold.**

- Average value of loss given that a loss at least as large as the selected EP return period loss has occurred
- Measures not only the probability of exceeding a certain loss level, but also the average severity of losses in the tail of the distribution
- Example: Verisk 50 yr return period loss equals \$4,914.2m
  - TVaR is \$10,130.4m (TVaR will always be greater or equal to return period loss)
- Interpretation
  - PML: There is a 2% annual probability of a loss exceeding \$4,914.2m
  - TVaR: Given that at least a \$4,914.2m loss occurs, the average severity will be \$10,130.4m

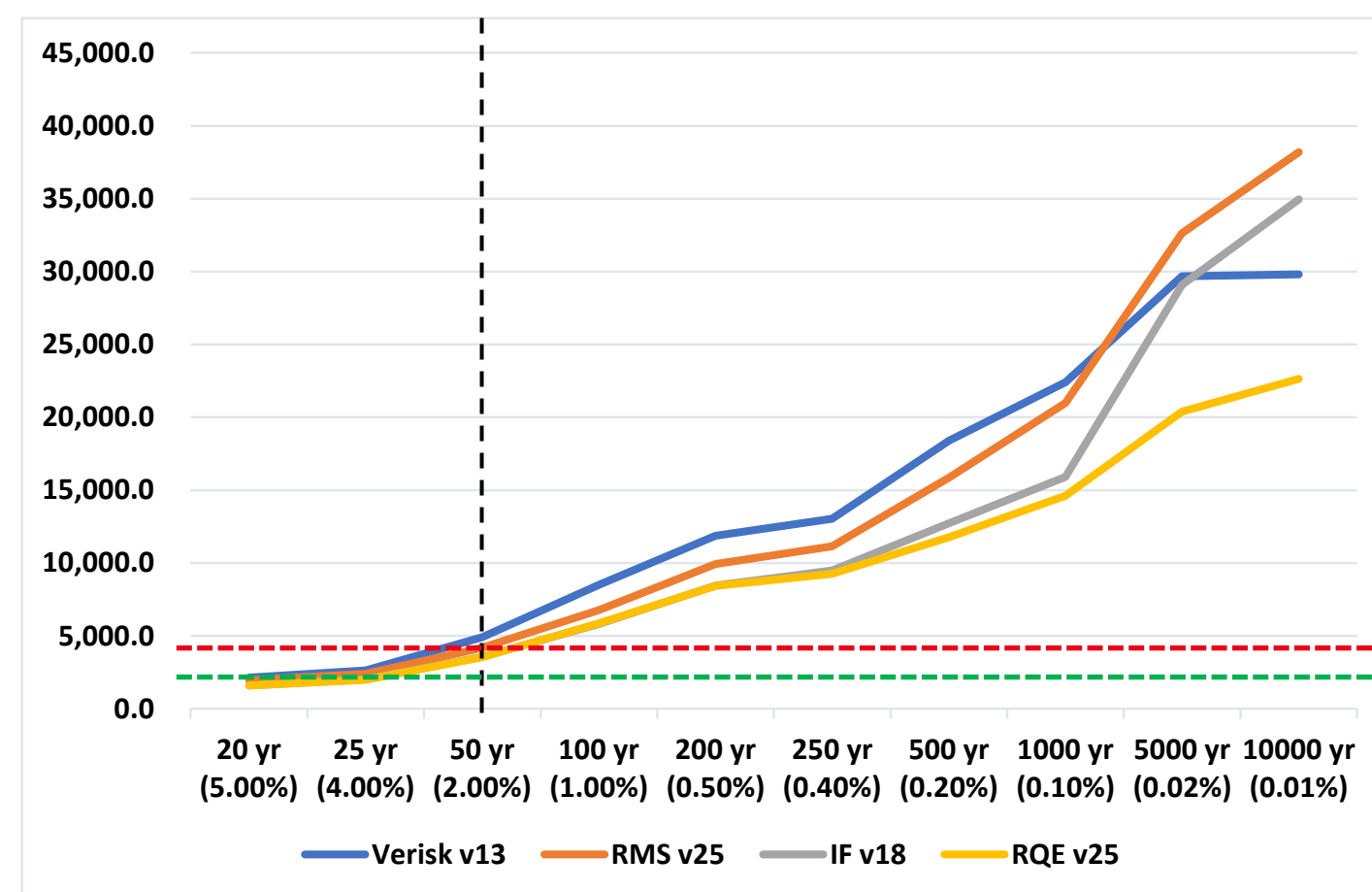
# Historical Perspective

Data In Force as of 11/30/2025 (no exposure growth contemplated)

## Model Guidance

OEP - All Perils (Near-Term/Warm Sea Surface Temperature)					
Exceedence Probability	Return Period	Verisk v13	RMS v25	IF v18	RQE v25
0.01%	10000 yr	29,788.6	37,593.4	34,385.7	22,374.0
0.02%	5000 yr	28,989.2	32,128.4	28,356.5	19,437.7
0.10%	1000 yr	21,587.3	20,598.8	15,486.9	14,206.6
0.20%	500 yr	17,566.1	15,494.3	12,283.5	11,431.0
0.40%	250 yr	12,191.2	10,804.4	9,188.7	8,988.4
0.50%	200 yr	11,353.2	9,636.5	8,021.5	8,077.7
1.00%	100 yr	8,115.8	6,533.7	5,435.4	5,568.6
1.33%	75 yr	6,485.3	5,388.4	4,383.4	4,588.5
<b>2.00%</b>	<b>50 yr</b>	<b>4,521.3</b>	<b>3,995.8</b>	<b>3,350.6</b>	<b>3,313.3</b>
4.00%	25 yr	2,325.9	2,254.9	1,858.4	1,845.4
5.00%	20 yr	1,894.6	1,825.1	1,448.4	1,455.6
	<b>Annual avg</b>	<b>491.3</b>	<b>412.8</b>	<b>345.0</b>	<b>325.1</b>
	<b>Std dev</b>	<b>1,685.4</b>	<b>1,584.9</b>	<b>1,318.0</b>	<b>1,186.1</b>

US \$ in Millions  
Including Demand Surge, Excluding Storm Surge



## Historical Experience

Named Storm	Orig Incurred Loss & LAE	Trended Incurred excl. 15% LAE	TWIA % Share excl. 15% LAE	Orig. PCS	Trended PCS
				Res+Comm Loss	Res + Comm Loss
Hurricane Bret	6.5	18.9	20%	28.0	95.6
Hurricane Claudette	16.9	39.3	17%	85.0	233.2
Hurricane Rita	161.9	334.2	7%	2,005.0	4,870.4
Hurricane Dolly	327.2	569.0	56%	495.0	1,012.6
Hurricane Ike	2,443.9	4,249.5	22%	9,500.0	19,433.5
Tropical Storm Hermine	6.0	9.5	5%	110.0	203.8
Hurricane Harvey	1,535.8	1,977.2	8%	15,850.0	24,005.4
Hurricane Hanna	12.0	13.5	3%	295.2	388.7
Hurricane Laura	21.9	24.5	3%	601.0	791.3
Hurricane Delta	22.0	24.6	11%	166.8	219.6
Hurricane Beryl	515.0	437.8	17%	2,617.0	2,617.0

\*Losses shown US \$ in Millions

## Recast Results

Recast Event	Verisk v13	RMS v25
	Gross Loss	
Hurricane Delta	N/A	8.8
Hurricane Laura	39.3	57.0
Hurricane Harvey	2,644.4	1,624.5
Hurricane Ike	1,789.3	1,229.5
Hurricane Rita	746.0	531.4
Hurricane Alicia	995.0	905.8
Hurricane Carla	1,984.6	1,368.5
1900 Galveston Hurricane	10,599.3	7,060.6

US \$ in Millions

### Variability in both loss magnitude and share indicated a need for more insightful view of historical experience and catastrophe models

- Trended TWIA losses indicate that the Cat program could be significantly (Harvey) to completely (Ike) impacted if events similar to those in the historical catalog were to occur again
- TWIA market share of total PCS event loss carries significant variation, indicating potential for outsized impact on the program
- Trended PCS losses shown using CAS Collins & Lowe methodology through Jan. 2025
  - Trended TWIA losses excl. LAE calculated using market share from orig. PCS events
- PCS Industry losses cited above account for TX only and exclude flood and auto loss
- Recast loss shows high degree of model variability and extreme event potential if a storm similar to the 1900 Galveston hurricane were to occur again

# Appendix A

## Mid-Year Model Update

# Multi-Model Comparison – All Perils

## Combined Hurricane (Long-Term) & Severe Conv. Storm AEP Gross Losses (excl. LAE)

Data In Force as of 11/30/2025 & Exposure Adjustment as of 8/31/2025

		AEP - All Perils (Long-Term/Standard)											
Exceedence Probability	Return Period	11/30/2025				Scaled Model - 8/31/2025				11/30/2024			
		Verisk v13	RMS v25	IF v18	RQE v25	Verisk v13	RMS v25	IF v18	RQE v25	Verisk v13	RMS v25	IF v18	RQE v25
0.01%	10000 yr	29,746.2	38,250.0	34,735.3	22,750.8	29,746.2	38,250.0	34,735.3	22,750.8	27,160.0	33,617.5	31,110.6	20,376.7
0.02%	5000 yr	29,686.0	31,327.7	28,028.2	20,045.2	29,686.0	31,327.7	28,028.2	20,045.2	27,141.1	28,809.0	25,699.8	18,380.0
0.10%	1000 yr	21,985.2	20,769.4	15,708.9	14,251.0	21,985.2	20,769.4	15,708.9	14,251.0	20,138.0	18,404.8	14,150.9	12,837.6
0.20%	500 yr	17,886.3	15,139.8	12,334.2	11,379.0	17,886.3	15,139.8	12,334.2	11,379.0	16,376.2	13,768.9	11,255.0	10,383.3
0.40%	250 yr	12,217.5	10,471.0	9,087.0	8,752.4	12,217.5	10,471.0	9,087.0	8,752.4	11,348.6	9,668.5	8,415.5	8,105.7
0.50%	200 yr	11,559.0	9,277.1	7,980.4	7,877.8	11,559.0	9,277.1	7,980.4	7,877.8	10,602.7	8,641.0	7,376.3	7,281.5
1.00%	100 yr	7,787.0	6,274.0	5,346.2	5,424.5	7,787.0	6,274.0	5,346.2	5,424.5	7,209.5	5,839.4	4,962.8	5,035.4
1.33%	75 yr	6,528.0	5,211.9	4,414.9	4,439.6	6,595.7	5,216.2	4,409.4	4,497.5	6,061.9	4,813.3	4,060.6	4,141.8
<b>2.00%</b>	<b>50 yr</b>	<b>4,665.9</b>	<b>3,874.7</b>	<b>3,346.6</b>	<b>3,284.1</b>	<b>4,665.9</b>	<b>3,874.7</b>	<b>3,346.6</b>	<b>3,284.1</b>	<b>4,288.3</b>	<b>3,575.4</b>	<b>3,081.9</b>	<b>3,024.4</b>
4.00%	25 yr	2,421.8	2,196.3	1,835.0	1,806.4	2,421.8	2,196.3	1,835.0	1,806.4	2,260.3	2,013.3	1,697.2	1,670.8
5.00%	20 yr	1,981.9	1,776.5	1,451.1	1,430.7	1,981.9	1,776.5	1,451.1	1,430.7	1,847.6	1,625.1	1,340.0	1,321.1
	<b>Annual avg</b>	<b>464.7</b>	<b>373.0</b>	<b>318.9</b>	<b>296.7</b>	<b>464.7</b>	<b>373.0</b>	<b>318.9</b>	<b>296.7</b>	<b>429.6</b>	<b>344.8</b>	<b>294.8</b>	<b>274.4</b>
	<b>Std dev</b>	<b>1,630.5</b>	<b>1,504.9</b>	<b>1,261.0</b>	<b>1,125.8</b>	<b>1,630.5</b>	<b>1,504.9</b>	<b>1,261.0</b>	<b>1,125.8</b>	<b>1,501.9</b>	<b>1,376.7</b>	<b>1,157.5</b>	<b>1,033.4</b>

US \$ in Millions

Including Demand Surge, Excluding Storm Surge

### Modeling Summary Guidance

- **Scaled Model – 8/31/2025** features 11/30/2024 losses scale-adjusted by line of business (Residential and Commercial) PMLs in updated versions using following exposure adjustments:
  - Residential **(+12.2%)**
  - Commercial **(-7.6%)**

# Moody's RMS v25 North Atlantic Hurricane Models

## Scope of Update (U.S.)



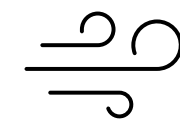
### Key Updates

- **Release:** Spring 2025
- **Key Model Updates**
  - Long-Term and Medium-Term Rates
  - Minor vulnerability changes are expected; client loss change will likely follow industry guidance
  - Changed mapping of ISO FIRE 3 (Non-Combustible) will reduce losses for portfolios with this exposure type
- **Expected Loss Impacts**
  - All U.S. Long-Term Rates: AAL change of -2% to +2%
  - All U.S. Medium-Term Rates: AAL change of +2% to +10%



### Geocoding

- Updated postal code data to December 2023 vintage (from March 2022)
- Updated high-resolution geocoding



### Hazard

#### All U.S.

- Updated Long-Term Rates (addition of the 2021-2022 seasons, plus reanalysis for 1966-1970)
- Updated Medium-Term Rates to cover 2025-2029 period
- Re-aggregation of ZIP Code-level and county-level wind hazard



### Vulnerability & PLA

- Incorporation of \$6 billion in new claims from recent events for validation, up to and including Idalia (2023)
- Mappings for ISO FIRE 3 (Non-combustible) have been updated from RMS 4B (light metal) to RMS 2 (Masonry), motivated by further evaluation of common exposure coding practices after Version 23
- Minor updates to Post-Event Loss Amplification (PLA) to reflect PLA factors for the five new historical reconstructions

Moody's RMS released an update to the North Atlantic Hurricane Model in Spring 2025. The update is limited in scope and impact than the previous update, and TWIA model change follows RMS guidance

# Verisk v13.0 Scope of Model Updates

## US Severe Convective Storm Model

Verisk released an update to its US SCS model in **June 2025**; Both the hazard and vulnerability components have been updated to align with the latest available data and research



### Hazard

#### All Sub-Perils

- New observational data through 2023

#### Hail

- Improved physical representation of hail events, including improvements to hail swath placement in areas of sharp elevation transitions.
- Increased frequency across most hail-prone regions (decreases in West, Mid-Atlantic, Northeast)

#### Tornado

- Updated frequencies move tornado activity eastward
  - Largest AAL/PML increases in Southeast

#### Wind

- Lower intensity events of recent years are causing frequency decreases
  - Slight AAL decreases across most regions



### Vulnerability

#### All Sub-Perils

- Support for solar farms
- Updated building damage functions, including updates to unknowns
- Updated select secondary modifiers

#### Hail

- Secondary Modifiers: Updates to roof covering and roof year built
  - Enhancements to roof aging based on recent research, including roof covering-specific aging and deterioration impacts
  - Updates to the hail performance of hurricane wind-rated roof covering feature, resulting in smoother hail loss cost across states

#### Wind and tornado

- IFM risks have decreased vulnerability for physically-protected facility components
- Updated manufactured homes damage functions for commercial risks
- Secondary Modifiers: 10-year roof aging bins updated - current as of 2025



### Additional Updates

- New catalog names
  - **Baseline Events**
    - Comparable to “Cat Only” event set from earlier versions
    - Includes significant losses that meet state and/or US loss criteria
  - **Expanded Events**
    - Comparable to “All Events” event set from earlier versions
    - Includes Baseline events + additional events that do not exceed loss criteria but do meet meteorological criteria

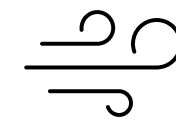
# Cotality (CoreLogic) RQE v25 North Atlantic Hurricane Model

## Scope of Model Update



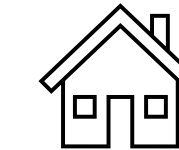
### Key Updates

- **Release:** July 2025
- **Key Model Updates**
  - Storm landfall characteristics are updated to align with HURDAT 2 data through 2023
  - Relatively modest vulnerability changes—roof age and Florida building code updates



### Hazard

- The stochastic hurricane database is updated to align with NHC HURDAT 2 through 2023 season
  - Landfall frequency by location and intensity are modified in RQE 25 based on HURDAT 2 data. Storm speed, direction, radius of maximum winds (RMAX), wind field shape, and inland filling are also modified. Total U.S.-wide landfall frequency changes by less than 0.1%
  - All-hurricane landfall frequencies increase by 1.9% in Florida and by 3.6% in South Carolina, while decreasing by between 0.9% and 2.0% in all other states including Texas
- Five events from 2024 (Beryl, Debby, Francine, Helene, and Milton) have been added to the historical event set, but they are not used in historical event frequency calculations



### Vulnerability

- Roof Age and Condition Defaults have been updated reflect that roofs age as buildings age and their performance decreases over time
- Vulnerability has been adjusted to account for building code updates over the past two years

Changes to the North Atlantic Hurricane Model in RQE v25 are modest and driven by HURDAT-based changes to hurricane landfall frequencies

# Appendix B

# Disclaimers

# Limitations Regarding Use of Catastrophe Models

This report includes information that is output from catastrophe models of AIR Worldwide Corporation (Verisk), CoreLogic (Cotality), Impact Forecasting, LLC (IF), and Risk Management Solutions, Inc. (RMS). The information from the models is provided by Aon Re, Inc. (Aon) under the terms of its license agreements with Verisk, CoreLogic, IF, and RMS.

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## 6D. Determination of Total 2026 Funding



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## MEMORANDUM

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DATE: February 4, 2026  
TO: David Durden, General Manager  
FROM: James Murphy, Chief Actuary | Vice President, Enterprise Analytics  
RE: 2026 Funding

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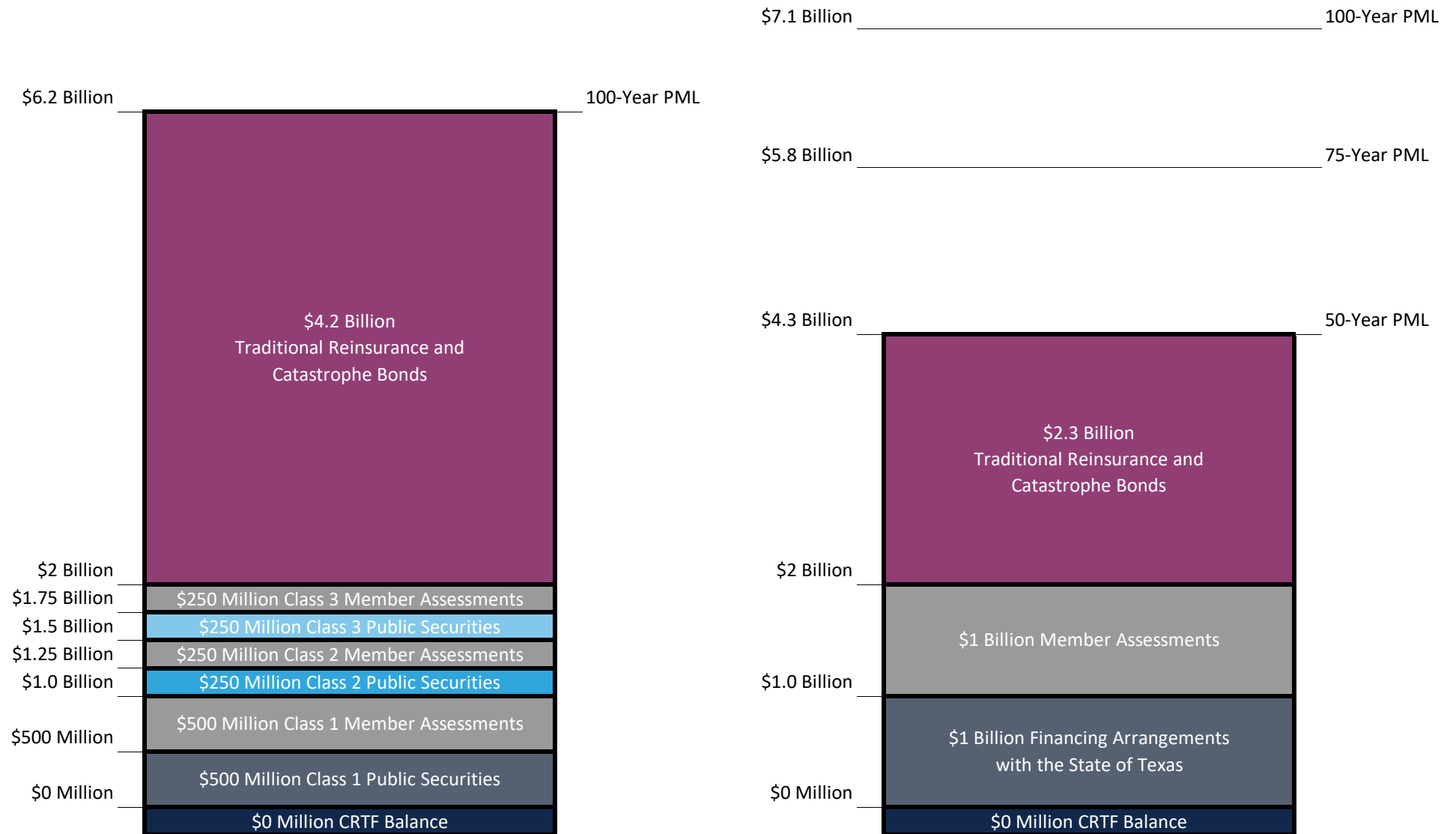
With the final determination of the 50-year Probable Maximum Loss (PML), TWIA staff will work with its reinsurance broker, Gallagher Re, and their securities / catastrophe bond affiliate, Gallagher Securities, to place the 2026 reinsurance program, including making any necessary adjustments to existing multi-year structures. Gallagher Re will be in attendance at the Board meeting to answer any questions the Board may have regarding the reinsurance placement for 2026.

Under current statute, TWIA retains the ability to purchase reinsurance in excess of the Association's statutory minimum funding level and to assess its member insurers to pay for the associated costs. Member assessments to pay for this excess reinsurance are distinct from member assessments to pay losses and would not affect the Association's ability to assess member companies for excess losses incurred as a result of a catastrophe.

If the Association elects to purchase coverage for reinsurance in excess of the one-in-50-year PML, then the Association must obtain a separate quote for the excess coverage and make this information available to its members and the public no later than its second regular meeting (May 2026). Within a reasonable time after these reinsurance costs are known, the Association must request approval from the Commissioner to assess its members.

A side-by-side comparison of the 2025 funding structure and the statutory minimum funding structure for 2026 is attached for reference.

JM





# February 2026 Board of Directors Meeting

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# January 1 Reinsurance Market Conditions

Reinsurance supply outpaced demand, with reinsurance capital +8% in 2025



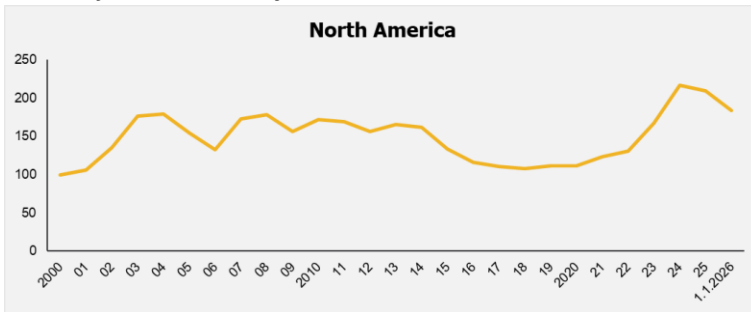
Nearly all buyers improved terms and conditions at 1/1/26, with CA wildfire impacted programs as the biggest outlier. Plentiful reinsurance capacity following above average results in 2025

**~18% ROE**

Comfortably above RI's cost of capital

USA property pricing **reduced 15%**

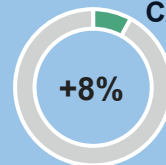
at January 1 on a risk-adjusted basis, still 70% above 2018 levels



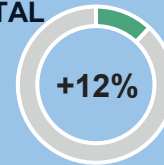
Record High

**\$838B**

REINSURANCE CAPITAL



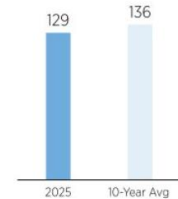
Traditional Capital



Alternative Capital

Natural Catastrophe Losses

Insured Loss

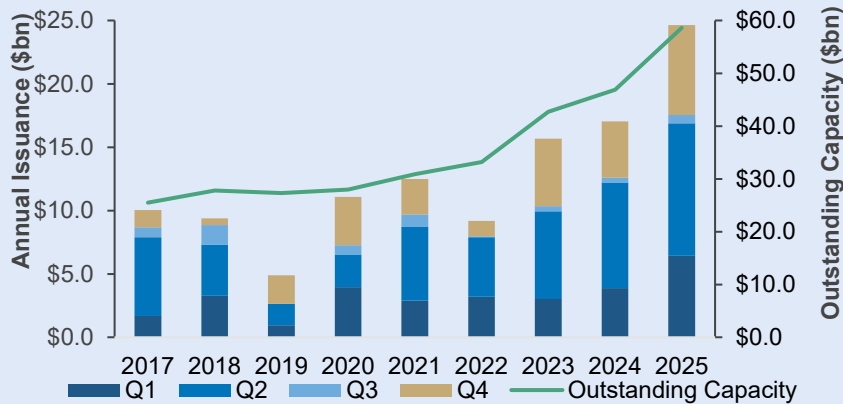


**-5%**  
Lower Than 10-Year Avg

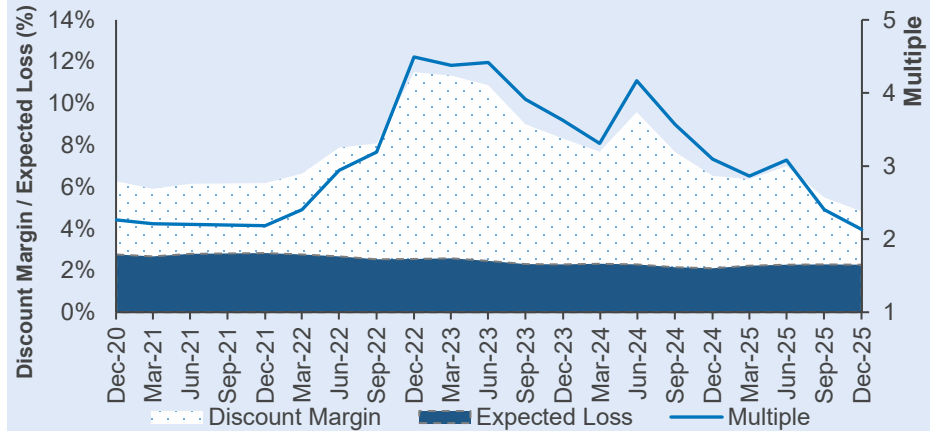
# Attractive Environment for Cat Bond Sponsors

Outstanding cat bonds grow as spreads decline

Non-Life 144A Cat Bond Issuance (USD billions)<sup>(1)</sup>



Quarterly Weighted Average Discount Margin / Expected Loss<sup>(1)(2)</sup>



## The State of the ILS Market<sup>(1)</sup>

- The cat bond market has officially surpassed the \$20bn issuance mark for the first time in history, with \$24.6bn of issuance in 2025
- Outstanding capacity has reached \$58.6bn
- Risk interest spreads are estimated to be down ~20 – 30% year-over-year

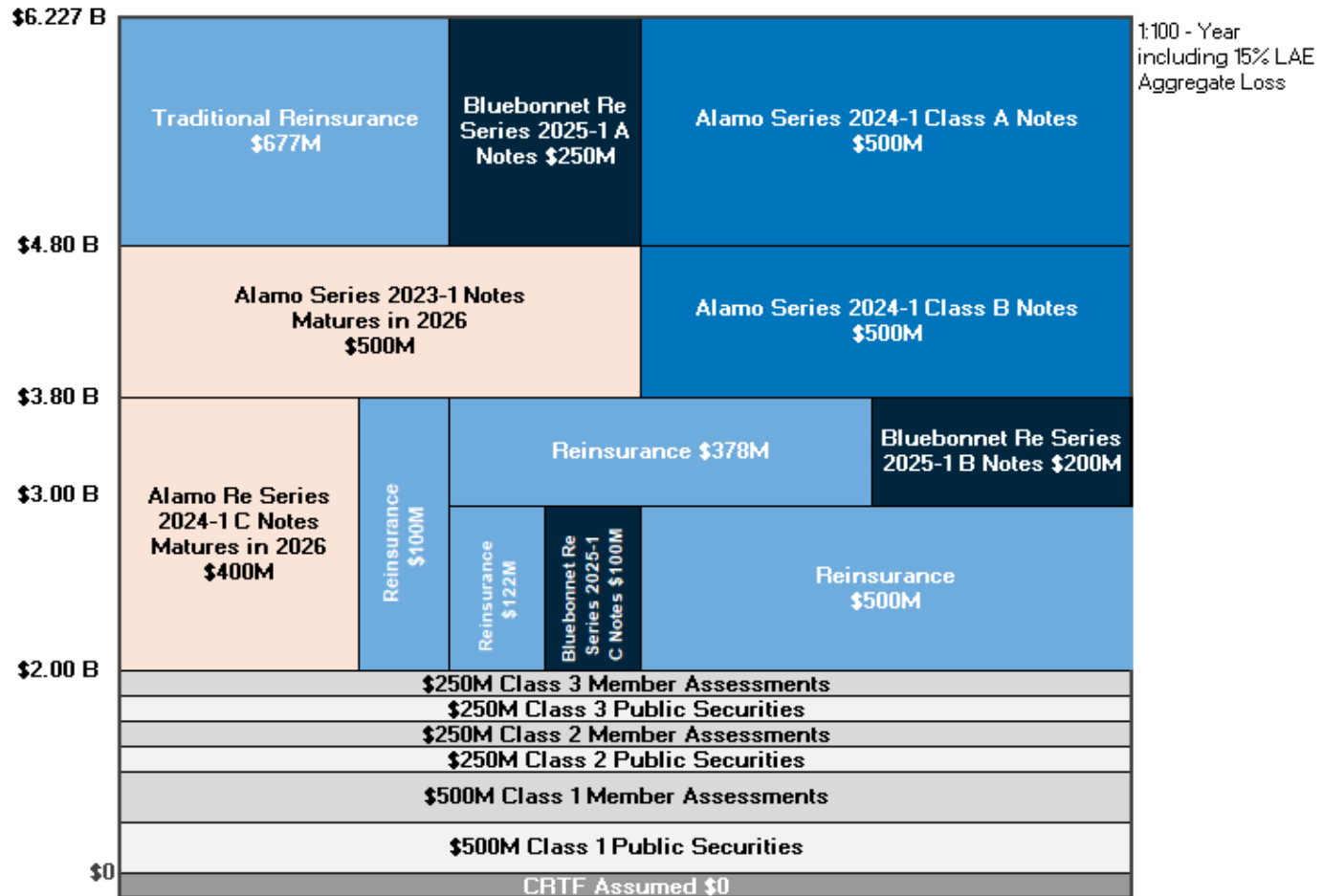
Sources: Market Commentary; Gallagher Securities Transaction Database and Secondary Pricing Indications as of December 31, 2025

(1) Includes Non-Life Underwritten Rule 144A cat bonds as of December 31, 2025

(2) Weighted Average Discount Margin is calculated by multiplying the most recent listed discount margin from Gallagher Securities' weekly pricing indications by the listed size of that issue. The weighted average is then derived by averaging these values. Extreme outliers such as short-dated and loss-impacted issues, are excluded from the calculation

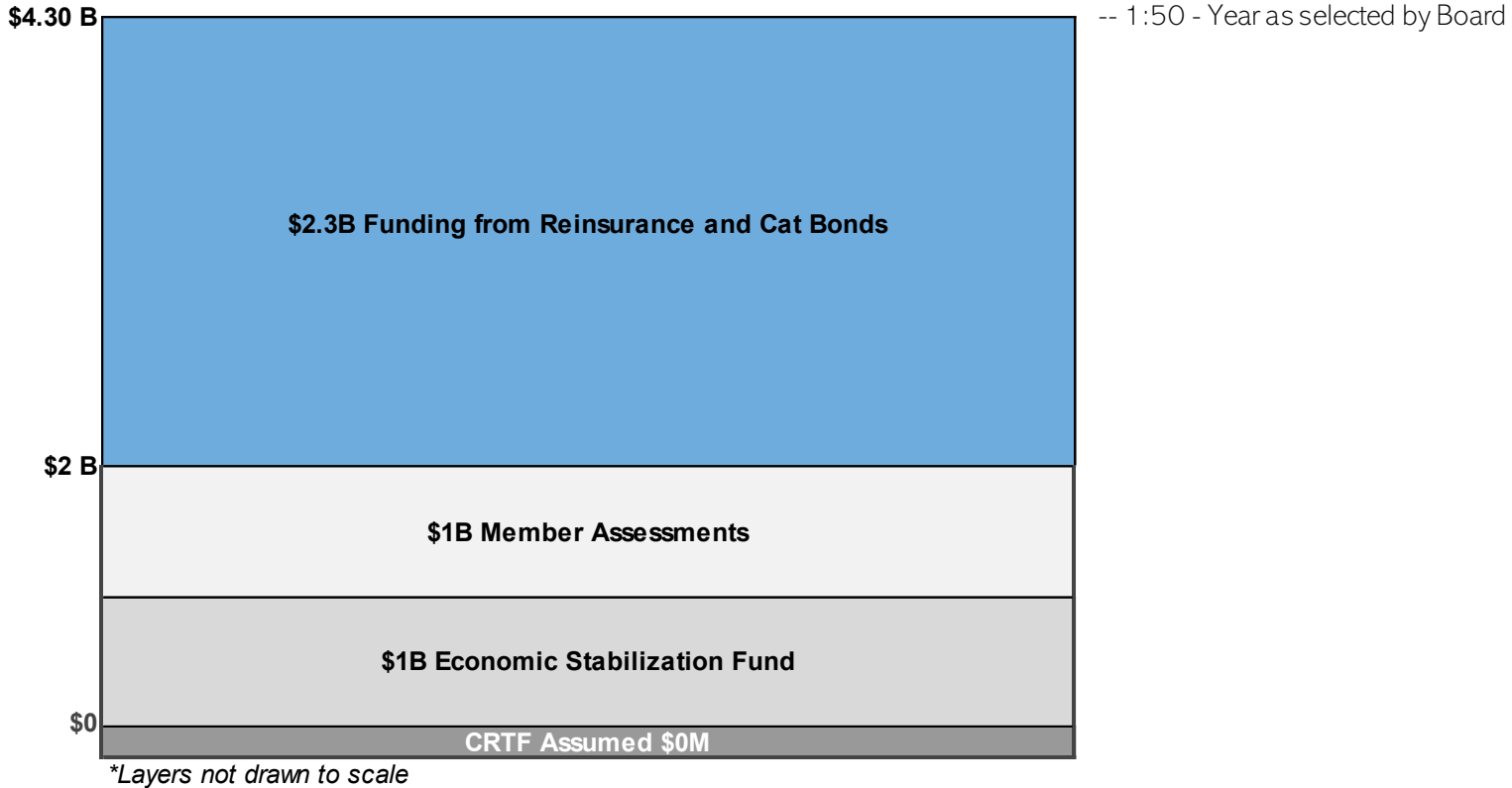
# Current Funding Structure

June 1, 2025 – May 30, 2026



# 1:50 Year Projected Funding Structure

50-year PML modeled by Aon and selected by TWIA Board of Directors



June 1, 2026 – May 30, 2027 program to be placed on aggregate basis with \$50M franchise deductible (TWIA retained)  
CRTF projections provided by Staff



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## 7. Internal Audit Status & Update

# MEMORANDUM

TO: The Board of Directors - Texas Windstorm Insurance Association  
FROM: Dan Graves, Weaver - Internal Audit  
DATE: February 24, 2026  
SUBJECT: Status of Internal Audit Activities

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The following is our internal audit update representing current and planned activities:

➤ **Current Activities:**

Activity Description	Status
Follow-Up Quarterly Discussion	Complete
Claims Processing	Complete
HR Administration & Talent Retention	Complete
Executive Management	Complete
IT Services	Complete
Cash Management – Limited Annual Procedures	Complete
Risk Assessment Update	Complete

➤ **Upcoming Audits and Activities:**

Activity Description	Timing
Follow-Up Quarterly Discussion	Q1 2026

➤ **Summary of Open Findings:**

Cash Management 2021

- Development and approval of a documented Wire Transfer Policy

Legal and Compliance 2024

- Documenting the review and updates of Association policy manuals

## Texas Windstorm Insurance Association Proposed Internal Audit Plan

Process Area	Last Report Date	2024 Inherent Risk Rating	2024	2025	2026	2027	2028
Funding Sources and Reinsurance	Nov. 2023	High			x		
Information Security	Apr. 2022	High		✓			x
Emergency Planning	May 2024	High				x	
Customer Experience	N/A	High	✓				
Underwriting and Policy Services	Nov. 2023	High			x		
Claims Processing	Dec. 2022	High		✓		x	
Actuarial (Pricing and Reserving)	Sept. 2023	High					
Legislative and External Affairs	Mar. 2024	High	✓				
Information Technology Services	Apr. 2022	High		✓		x	
Database and Application Administration	Apr. 2024	High	✓				x
Application Development	Apr. 2024	High	✓				
Human Resources Administration and Talent Retention	Dec. 2022	Moderate		✓			
Strategic Communications	Mar. 2021	Moderate					
Executive Management, Management Planning and Reporting	May 2021	Moderate		✓			
Legal & Compliance	Mar. 2024	Moderate	✓				x
Financial Close and Reporting	May 2024	Moderate	✓				
Accounts Payable and Expense Processing	Aug. 2023	Moderate			x		
Cash Management	Aug. 2021	Moderate	✓	✓	L	L	L
Cash Forecasting	N/A	Moderate					
Payroll	Dec. 2022	Low					
Accounts Receivable	Oct. 2023	Low					
Facilities and Services	May 2023	Low					

**L** - limited annual procedures

# Texas Windstorm Insurance Association

## Proposed Internal Audit Plan

Audit	Summary Procedures	Audit Focus
<b>2026 Planned Internal Audits</b>		
Funding Sources and Reinsurance - Funding Change and Controls	The internal audit will include an evaluation of risks and internal controls related to TWIA's recent change in funding, including governance over strategy decisions, documentation of Board approvals, compliance with applicable statutes and policies, accuracy and completeness of financial modeling and assumptions, and alignment of reporting to management and the Board.	Internal Audit
Underwriting & Policy Services - Inspection Program – Agent Audit/Advisory	The advisory engagement will include a review of risks and internal controls related to the inspection program, including agent eligibility and onboarding, inspection scheduling and documentation, quality assurance reviews, exception handling, and training and communication effectiveness; recommendations will be provided to strengthen control design and efficiency.	Advisory
Accounts Payable - NACHA Compliance	The internal audit will include an evaluation of risks and internal controls related to NACHA compliance for ACH payments, including authorization procedures, file creation and transmission controls, access and segregation of duties, data validation, fraud prevention measures, and monitoring and exception handling in accordance with policy requirements.	Internal Audit
<b>2026 Planned Annual Requirements</b>		
Update Risk Assessment	Perform required annual update of risk assessment to reflect any changes.	Risk Assessment
Project Management	Procedures include tracking overall internal audit progress, coordinating audit activities, continuous reporting to management, preparation of Audit Committee materials, and in-person presentation during scheduled meetings.	Project Management
Quarterly Follow-Ups Touchpoints	Conduct quarterly meetings to discuss TWIA's efforts in remediating prior years open findings, and perform follow-up procedures on requested items.	Project Management
Cash Management Annual Procedures - Fraud Deep Dive and AI	The internal audit will include an evaluation of risks and internal controls related to cash payment processes, focusing on fraud risk, segregation of duties, authorization controls, reconciliations, exception monitoring, anomaly detection analytics, and recovery efforts for identified issues.	Internal Audit

## 8. Underwriting Operational Review Update



MEMORANDUM

DATE: February 2, 2025  
 TO: David Durden, General Manager  
 FROM: Michael Ledwik, Vice President, Underwriting  
 RE: Update on Underwriting Operational Results

**Fourth Quarter 2025 Results**

TWIA Underwriting Metrics	Monthly Summary								YTD		
	Oct-25	Nov-25	Dec-25		Q1 2025	Q2 2025	Q32025	Q42025	2025	2025 Goal	▲
% of New Business/Renewal policies issued in 10 Days	99.50%	99.99%	99.63%		99.97%	99.98%	99.99%	99.71%	99.91%	90%	9.91
New Business Policies Issued	3,977	2,958	3,345		11,681	15,595	13,937	10,280	51,493		
Renewal Policies Issued	17,738	14,411	14,974		46,679	69,048	79,894	47,123	242,744		
Internal Underwriting Quality Control	99.39%	99.34%	99.32%		99.11%	98.81%	99.16%	99.35%	99.11%	95%	4.11
Phone Service Level (calls answered in 20 seconds)	92.00%	91.00%	93.00%		89.19%	81.61%	87.28%	92.00%	87.52%	80%	7.52
Number of Calls	29,436	23,271	24,219		89,827	110,578	102,543	76,926	379,874		
Internal Telephone Quality Control	99.50%	99.00%	99.00%		96.77%	96.57%	98.17%	99.17%	97.67%	95%	2.67

**Agency Compliance Audits:** 20 Agencies were selected to be audited to assess compliance with Statutory requirements and TWIA Agent Requirements and Performance Standards. Results shown specifically focusing on compliance of:

- Flood Provisions
- Declination Provisions

Audit Results:

- 1 Agency was found to be compliant.
- 19 Agencies were found to be non-compliant.
  - 15 Agencies had findings that were addressed through corrective actions and/or training.
  - 4 Agencies had findings that remain unresolved and have outstanding action items.

## 9. Claims

### 9A. Claims Operations

## TWIA Claims Operations 2025

TWIA Claims - 2025 Q4 Results (complete year)					
Key Cycle Times (In days)	Industry Average, TX	TWIA	TWIA Plan	Variance to Plan	% Variance to Plan
Avg. Days - FNOL to TWIA Receipt - Daily	9.5	4.6	<7	-2.4	-34%
Avg. Days - FNOL to TWIA Receipt - Cat	9.5	4.6	<14	-9.4	-67%
Avg. Days - FNOL to ACV Payment - Daily	N/A	8.4	<12	-3.6	-30%
Avg. Days - FNOL to ACV Payment - CAT	N/A	8.5	<21	-12.5	-60%
TDI Complaint Ratio					
2024	0.14% - 61 complaints from 43,012 new claims				
2025	0.52% - 53 complaints from 10,248 new claims				

Year	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Actual Volume	807	522	585	620	481	682	730	759	811	540	415	376	436	3,782	608
Actuarial Projected	880	431	435	1,395	334	1,484	1,311	2,411	1,264	227	706	320	311	449	413
Staffing Plan	703	703	703	578	578	578	578	578	578	578	578	578	578	578	578
Open Inventory	27,202	25,379	23,857	22,921	22,107	20,545	19,637	19,257	18,657	17,257	15,618	14,230	13,628	15,696	14,886

Historical TWIA Claim Volume	
Year	Claims
<b>2005</b>	<b>12,783</b>
<b>2006</b>	<b>1,862</b>
<b>2007</b>	<b>4,195</b>
<b>2008</b>	<b>99,813</b>
<b>2009</b>	<b>4,812</b>
<b>2010</b>	<b>4,801</b>
<b>2011</b>	<b>10,608</b>
<b>2012</b>	<b>8,601</b>
<b>2013</b>	<b>10,541</b>
<b>2014</b>	<b>2,843</b>
<b>2015</b>	<b>18,889</b>
<b>2016</b>	<b>8,393</b>
<b>2017</b>	<b>80,257</b>
<b>2018</b>	<b>7,242</b>
<b>2019</b>	<b>6,704</b>
<b>2020</b>	<b>14,432</b>
<b>2021</b>	<b>12,535</b>
<b>2022</b>	<b>5,066</b>
<b>2023</b>	<b>8,867</b>
<b>2024</b>	<b>43,012</b>
<b>2025</b>	<b>10,248</b>

## TWIA - Claim Severity by Accident Year and LOB

### Reported Claims by LOB

Year	Residential		Commercial		GRAND TOTAL	
	Claims	% Δ	Claims	% Δ	Claims	% Δ
2021	12,269	-	286	-	12,555	-
2022	4,414	-64.0%	59	-79.4%	4,473	-64.4%
2023	9,395	112.8%	174	194.9%	9,569	113.9%
2024	43,213	360.0%	952	447.1%	44,165	361.5%
2025	7,407	-	186	-	7,593	-

### Paid Amounts by LOB

Year	Residential		Commercial		GRAND TOTAL	
	Incurred	% Δ	Incurred	% Δ	Incurred	% Δ
2021	\$ 58,122,131	-	\$ 8,162,442	-	\$ 66,284,573	-
2022	\$ 27,419,234	-52.8%	\$ 1,447,225	-82.3%	\$ 28,866,459	-56.5%
2023	\$ 70,869,338	158.5%	\$ 6,617,975	357.3%	\$ 77,487,314	168.4%
2024	\$ 440,445,620	521.5%	\$ 46,416,924	601.4%	\$ 486,862,544	528.3%
2025	\$ 85,213,901	-	\$ 8,951,472	-	\$ 94,165,373	-

### Paid Claim Severity by LOB

Year	Residential		Commercial		GRAND TOTAL	
	Severity	% Δ	Severity	% Δ	Severity	% Δ
2021	\$ 4,737	-	\$ 28,540	-	\$ 5,280	-
2022	\$ 6,212	31.1%	\$ 24,529	-14.1%	\$ 6,453	22.2%
2023	\$ 7,543	21.4%	\$ 38,034	55.1%	\$ 8,098	25.5%
2024	\$ 10,192	35.1%	\$ 48,757	28.2%	\$ 11,024	36.1%
2025	\$ 11,505	-	\$ 48,126	-	\$ 12,402	-

\*Paid amounts exclude loss adjustment expenses and IBNR reserves

## November 2025 Coastal Bend Hailstorm

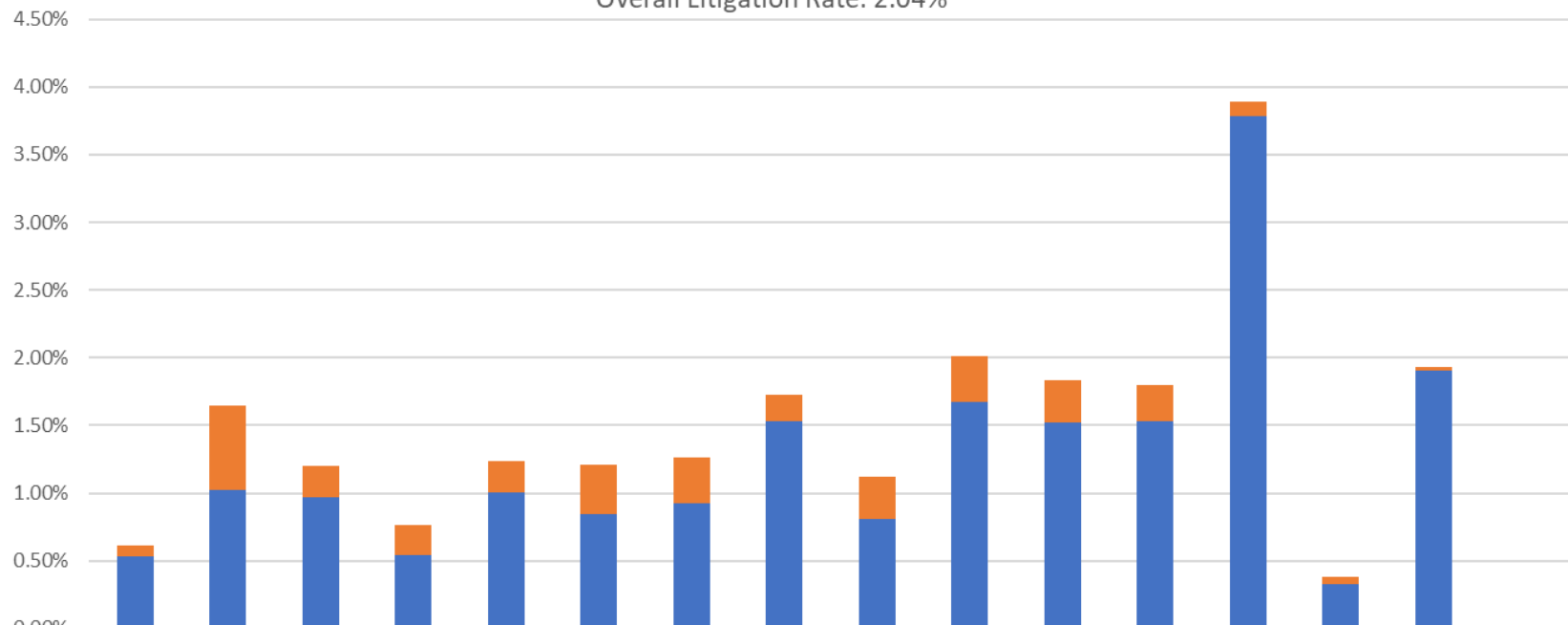
TWIA Coastal Bend Hail Storm ( 11/1 - 11/2/25)	As of 1/31/26
Claims	3,781
Open	3,071
Closed	466
Paid Indemnity	\$73,617,027
Paid Expense	\$5,118,975

## 9B. Litigation Summary



## TWIA Litigation Summary

TWIA Litigation Rate by Storm 2017 to Present  
Overall Litigation Rate: 2.04%



	Non-CAT (2017)	Harvey (2017)	Non-CAT (2018)	Non-CAT (2019)	Non-CAT (2020)	Hanna (2020)	Laura (2020)	Delta (2020)	Non-CAT (2021)	Nicholas (2021)	Non-CAT (2022)	Non-CAT (2023)	Non-CAT (2024)	Beryl (2024)	Non-CAT (2025)	Portland Hail (2025)
■ Suit Rate	0.08%	0.62%	0.24%	0.22%	0.23%	0.36%	0.35%	0.20%	0.31%	0.34%	0.31%	0.27%	0.11%	0.05%	0.03%	0.00%
■ NOIS Rate	0.53%	1.02%	0.97%	0.54%	1.00%	0.85%	0.92%	1.53%	0.81%	1.67%	1.52%	1.53%	3.78%	0.33%	1.90%	0.00%
Total Claims	6,181	76,730	4,648	6,689	4,790	1,650	4,345	4,057	5,800	6,755	4,473	9,569	11,123	33,040	3,782	3,625

\*NOIS: Notice of Intent to Sue



# TWIA Litigation Tracking Activity

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## Litigation Quarterly Summary Fourth Quarter 2025

4th Quarter 2025	Summary of TWIA Claims in Suit			
		New	Settled	Closed
	October	2	4	8
	November	2	2	15
	December	2	7	4
	6	13	27	

4th Quarter 2025	Summary of TWIA Claims with LORs			
		New	Settled	Closed
	October	42	5	44
	November	38	30	61
	December	82	10	35
	162	45	140	



## TWIA Claims Litigation December 2025

Dec-25	TWIA Claims in Suit			
	Beginning Inventory	New	Closed	Ending Inventory
	61	2	4	59
	Breakdown			
	Normal	2	4	

Dec-25	TWIA Claims with LORs				
	Beginning Inventory	New	Closed	Converted to Suit	Ending Inventory
	898	82	35	1	944
	Breakdown				
	Normal	71	16	1	
	Beryl 2024	10	14	0	
	Harvey 2017	1	2	0	
	Laura 2020	0	1	0	
	Nicholas 2021	0	1	0	
	Delta 2020	0	1	0	

Dec-25	TWIA Active Claims with Suits/LORs: Breakdown by County													
	Aransas	Brazoria	Calhoun	Cameron	Chambers	Galveston	Harris	Jefferson	Kleberg	Matagorda	Nueces	San Patricio	Willacy	Grand Total
	2	259	1	49	12	396	29	57	0	21	34	53	1	914



TWIA Active Claims with Suits/LORs: Breakdown by Storm						
Event	Total claims	Total Suits	Active Suits	Total LORs	Active LORs	
Harvey 082517	76,730	483	1	1,110	0	
Nicholas 2021	6,755	21	7	115	2	
Laura 2020	4,345	17	0	181	0	
Delta 2020	4,057	11	2	154	0	
Beryl 2024	34,321	10	6	806	621	

TWIA Claims with Suits/LORs: Detail of Ending Inventory					
Active Unsettled Claims					
Dec-25	Suits		LORS		Total
	Residential	Commercial	Residential	Commercial	
		26	15	801	72

TWIA Claims with Suits/LORs: Detail of Ending Inventory					
Settled & Funded (closing documents and final invoices pending)					
Dec-25	Suits		LORS		Total
	Residential	Commercial	Residential	Commercial	
		16	2	71	0

# 10. TWIA Operations

## 10A. IT Systems Update



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## MEMORANDUM

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DATE: February 2, 2026

TO: David Durden, General Manager

FROM: Michael Eleftheriades, CIO / VP IT

RE: TWIA Information Technology Status

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The following are key Projects that the Information Technology group is involved in:

### **Guidewire Insurance Suite Applications in Production**

- We have continued regular scheduled monthly maintenance releases of fixes and new functionality for the Insurance applications and portals. These include changes that support the Texas 89<sup>th</sup> Legislation session.

### **Guidewire Application Version Upgrade**

- The Association is contractually mandated to maintain version currency with Guidewire cloud framework releases.
- In Q1 the Association team will test the latest Guidewire framework release version for compatibility. The current target is March 2026 to deploy our Guidewire applications using this latest version.

### **Artificial Intelligence (AI)**

- The Association has identified Artificial Intelligence as a technology for review in our Strategic Plans. The Association had started this review in 2025 by formulating a comprehensive approach to AI adoption before any utilization of Artificial Intelligence technology. This work included a new updated IT Security Policy that covers general AI use policies. Identifying risk management, providing due diligence toward vendor selection has been addressed. The Vendor and Contract Management Team is also required to review vendor contracts for use of Association data in any tool offering AI functionality. Moving forward the plans include setting up an AI Committee identifying and reviewing both AI Platforms and AI enhanced tools as part of the technology roadmap. Additional efforts include targeting general education for Association team members.



**Artificial Intelligence (AI) Proof of Concept Project**

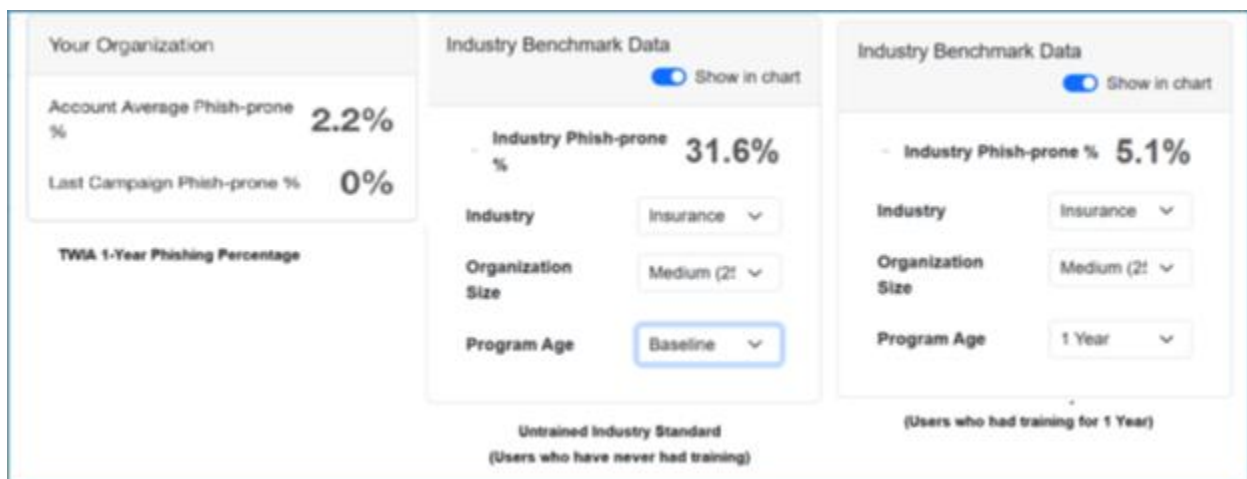
- The Association’s first evaluation of any AI technology was the Microsoft Office 365 add-on tool called Microsoft Copilot. This tool is a conversational, AI-powered assistant that helps boost productivity and streamline workflows by offering contextual assistance, automating routine tasks, and analyzing data. The feedback from this review was favorable and positive. The results determined we should cautiously move forward with some requisite steps before allowing further access to the Association.
- The Association is currently working on selecting an experienced vendor to review the foundation and ensure the needed configuration for Microsoft Copilot is in place to protect the interests and information of the Association.

**Replacement of on-premise Authentication Software**

This project will replace the current on-premises authentication software, used for validation of registration and logins to the external portals used by Agents and Policyholders, with a comprehensive cloud-based solution.

**Phishing email statistics of reported, investigated, and feedback provided occurrences (since inception – July 2017).**

Total Reported	Simulated Emails (TWIA initiated internal emails)	Non-Simulated Emails (Not TWIA Initiated – outside emails)
14,795	10,089	4,706





**General Status:**

Systems are functioning well with monthly releases with business-critical items selected and curated by the respective departments.

## 10B. Communications and Legislative Affairs Update



## MEMORANDUM

---

DATE: February 4, 2026  
TO: David Durden, General Manager  
FROM: Anna Stafford, Senior Manager, Legislative & External Affairs  
RE: Legislative & External Affairs Operational Highlights

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### I. Legislative & Regulatory Affairs

- a) **Legislative Implementation Program:** Association staff continues to implement bills enacted during this year's legislative session.
- i. **House Bill 2067 Rule:** On January 15, TDI issued a final rule to implement reporting requirements for House Bill 2067. The bill, which applies to TWIA and FAIR Plan, requires insurers to give written explanations when denying, cancelling, or not renewing residential insurance policies and to provide quarterly statistical reports on these actions to the Department. Association staff is making updates to TWIA data systems to facilitate reporting. We expect the changes to be completed in time for the rule's April 1 effective date.
  - ii. **HB 3689 (TWIA Funding):** Association staff continues meeting with representatives from the Comptroller's office, Texas Treasury Safekeeping Trust Company, and the Texas Department of Insurance to discuss the mechanics of accessing and repaying the state financing arrangement outlined in the bill, as well as the rules for implementing the bill.  
  
The bill allows the Commissioner to approve the Board's method of determining the 1-in-50 Probable Maximum Loss (PML) for each storm season, or to determine a method for selecting the PML by February 1 each year. The Commissioner took no action on the Board's selection of a method for determining the PML for the 2026 storm season.
- b) **Texas Department of Insurance Activity:**
- i. **New Commissioner:** Insurance Commissioner Cassie Brown announced her retirement, effective February 2. Governor Abbott has appointed Amanda Crawford as the Commissioner of Insurance for a term to expire on February 1, 2027. Crawford had been serving as the executive director of the Department of Information Resources and the state's Chief Information Officer, and previously served in the Texas Attorney General's office.
  - ii. **TWIA Rules Reorganization:** On February 2, TDI released a second informal working draft and request for informal comments on its project to update TWIA rules, including the Plan of Operation. (The agency received no comments on its first informal working

draft in 2020, which was primarily an outline of changes to be made.) The comment period for the second informal working draft will close on March 4, 2026.

- c) **Stakeholder Inquiries:** From October 1 to December 31, Legislative & External Affairs staff received and responded to 5 legislative and stakeholder inquiries on the following.
- Policyholder inquiries related to the Portland hailstorm:
    - Inquiries from two legislative offices about a policyholder dissatisfied with the amount of his claim payment.
    - A legislative inquiry about a policyholder seeking assistance with her deductible, and
    - One inquiry from a legislator’s office about a claim denial.
  - One request for information from a legislative office on TWIA’s historical reinsurance costs, rates, and exposure.

## II. Agent Advisory Group (AAG)

- a) The first-quarter AAG meeting was held on February 4 and included discussion about the following topics:
1. The implementation status of legislative changes from the 2025 session;
  2. An update on TWIA’s response to and claims received from the November 2025 Portland-area hailstorms;
  3. Implementation of a new policy payment option for agents, called Guest Pay, and
  4. Feedback about TWIA’s agent training resources.
- b) Mark Ray of Higginbotham Insurance in Corpus Christi was appointed to the AAG following the departure of Terri Kizer of Keetch & Associates.
- c) The AAG will next meet on May 6, 2026.



# Legislative Implementation Plan Status Report

## *89<sup>th</sup> Legislative Session*

As of February 4, 2026

### **House Bill 2213 – Board Composition**

Changes the geographic requirement for TWIA inland Board members from 100 miles from the coast to outside of TWIA's catastrophe area, requires industry Board members to be Texas residents, includes those who write or sell insurance in first-tier coastal counties as industry representatives, and explicitly allows more than one agent on the Board.

### **House Bill 2517 – Premium & Maintenance Taxes**

Exempts TWIA and TFPA from premium and maintenance tax.

### **House Bill 2518 – Premium Financing**

Prohibits the use of third-party premium financing for TWIA policies.

### **House Bill 3689 – TWIA Catastrophe Funding**

Replaces the public securities in TWIA's catastrophe funding structure with lower-interest state investments, changes TWIA's minimum required catastrophe funding, and makes other changes related to the funding structure.

### **House Bill 2067 – Declinations**

Requires insurers to give written explanations when denying, cancelling, or not renewing insurance policies and to report statistical information on these actions to the Texas Department of Insurance.



# Legislative Implementation Plan Status Report

## 89<sup>th</sup> Legislative Session

As of February 4, 2026

### TWIA-Specific Bills:

<p>Board Composition (HB 2213)</p> <p>[No change since last report]</p>	<p>Regulatory Requirements <b>NONE NEEDED</b></p> <p>Assoc. Changes <b>NONE NEEDED</b></p>	<ul style="list-style-type: none"> <li>No operational changes required.</li> </ul>
<p>Premium &amp; Maintenance Taxes (HB 2517)</p> <p>[No change since last report]</p>	<p>Regulatory Requirements <b>COMPLETE</b></p> <p>Assoc. Changes <b>COMPLETE</b></p>	<ul style="list-style-type: none"> <li>The Comptroller’s office provided the Association with a refund of about \$6 million for premium and maintenance taxes paid in 2025.</li> <li>The Accounting Department has updated processes and financial statements to reflect that the Association is not subject to these taxes going forward.</li> </ul>
<p>Premium Financing (HB 2518)</p> <p>[No change since last report]</p>	<p>Regulatory Requirements <b>NONE NEEDED</b></p> <p>Assoc. Changes <b>COMPLETE</b></p>	<ul style="list-style-type: none"> <li>As of October 9, the premium financing option is no longer available in TWIA’s system.</li> <li>The Association sent an agent bulletin explaining the changes on September 17, letters to premium financing companies on September 19, and a postcard to policyholders on September 22.</li> </ul>



# Legislative Implementation Plan Status Report

## 89<sup>th</sup> Legislative Session

As of February 4, 2026

### TWIA-Specific Bills:

TWIA Catastrophe Funding (HB 3689)  [Updated since last report]	Regulatory Requirements <b>IN PROCESS</b>	<ul style="list-style-type: none"><li>• Staff continues meeting with representatives from the Comptroller's office, Texas Treasury Safekeeping Trust Company, and the Texas Department of Insurance to discuss the mechanics of accessing and repaying the state financing arrangement outlined in the bill, as well as the rules for implementing the bill.</li><li>• The bill allows the Commissioner to approve the Board's method of determining the 1-in-50 PML for each storm season, or to determine a method for selecting the PML by February 1 each year. The Commissioner took no action on the Board's selection of a method for determining the PML for the 2026 storm season.</li></ul>
	Assoc. Changes <b>IN PROCESS</b>	



# Legislative Implementation Plan Status Report

## 89<sup>th</sup> Legislative Session

As of February 4, 2026

### Industry Bill:

Declinations (HB 2067)  [Updated since last report]	Regulatory Requirements <b>COMPLETE</b>	<ul style="list-style-type: none"><li>• The bill requires insurers to provide TDI with quarterly statistical information on reasons for declinations.</li><li>• TDI issued rules on January 15, 2026, to implement the law. The rule amends the 2026 Texas Statistical Plan to establish reporting requirements for declinations, cancellations, and nonrenewals.</li><li>• Association staff is making updates to TWIA data systems to facilitate reporting. We expect changes to be complete in time for the April 1 effective date of the rule.</li></ul>
	Assoc. Changes <b>IN PROCESS</b>	

## 14. Future Meetings

May 19, 2026 – Hyatt Regency

Austin

August 4, 2026 – Tremont House

Galveston